



Donald P. Wagner
Mayor/Chairman

Christina Shea
Mayor Pro Tem/Vice Chairwoman

Melissa Fox
Councilmember/Boardmember

Jeffrey Lalloway
Councilmember/Boardmember

Lynn Schott
Councilmember/Boardmember

SUPPLEMENTAL AGENDA*

CITY COUNCIL REGULAR MEETING AND REGULAR JOINT MEETING WITH THE CITY OF IRVINE AS SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY

November 27, 2018

4:00 PM

**Conference and Training Center
One Civic Center Plaza
Irvine, CA 92606**

*** NOTE: ITEMS WITH AN ASTERISK (*) INCLUDE THE FOLLOWING CHANGES TO THE MEETING AGENDA ORIGINALLY PUBLISHED ON NOVEMBER 15, 2018:**

AGENDA ITEM NO. 1.17 - ADDED

Speaker's Card/Request to Speak: If you would like to address the City Council / Successor Agency on a scheduled agenda item – including a Consent Calendar item, 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 City Clerk / Agency Secretary. The [Request to Speak Form](#) assists the Mayor / Chair in ensuring that all persons wishing to address the City Council / Successor Agency are recognized. It also ensures the accurate identification of meeting participants in the City Council / Successor Agency minutes. Your name will be called at the time the matter is heard by the City Council / Successor Agency. City 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 Mayor / 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 Mayor / Chair or the City Council / Successor Agency Board during the course of the meeting, so please stay alert.

CALL TO ORDER

ROLL CALL

Scan this QR code for an electronic copy of the City Council and Successor Agency agenda and staff reports.



PLEDGE OF ALLEGIANCE

INVOCATION

ANNOUNCEMENTS/COMMITTEE REPORTS/COUNCIL REPORTS

Announcements, Committee Reports and Council/Agency Comments are for the purpose of presenting brief comments or reports, are subject to California Government Code Section 54954.2 of the Brown Act and are limited to 15 minutes per meeting.

ADDITIONS AND DELETIONS

Additions to the agenda are limited by California Government Code Section 54954.2 of the Brown Act and for those items that arise after the posting of the Agenda and must be acted upon prior to the next City Council meeting.

CONVENE TO THE REGULAR JOINT MEETING

1. CONSENT CALENDAR - CITY COUNCIL

All matters listed under Consent Calendar are considered by 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 City Council request specific items to be removed from the Consent Calendar for separate discussion. Any member of the public may address the Council on items on the Consent Calendar. See information for Speaker's Card/Request to Speak on first page.

1.1 MINUTES

ACTION:

Approve the minutes of a regular meeting of the Irvine City Council held on October 23, 2018.

1.2 WARRANT AND WIRE TRANSFER RESOLUTION

ACTION:

Adopt - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS AND SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID

**1.3 ORANGE COUNTY GREAT PARK FUNDS FINANCIAL STATEMENT
AUDIT – FISCAL YEAR 2017-18**

ACTION:

Receive and file.

(Unless otherwise directed by a member of the City Council, the vote on this matter will reflect the prior action of each Councilmember when he or she sat and voted as a member of the Board of Directors of the Orange County Great Park Corporation. However, if a Councilmember is not present at the City Council meeting, his or her vote will be reflected as absent.)

1.4 FISCAL YEAR 2017-18 MEASURE M2 EXPENDITURE REPORT

ACTION:

Adopt – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, ADOPTING THE FISCAL YEAR 2017-18 MEASURE M2 EXPENDITURE REPORT FOR THE CITY OF IRVINE

**1.5 ANNUAL DEVELOPMENT IMPACT FEE REPORT FOR FISCAL YEAR
2017-18**

ACTION:

Receive and file.

**1.6 AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND AUDIT FOR
THE FISCAL YEAR ENDED JUNE 30, 2018**

ACTION:

Receive and file.

**1.7 SINGLE AUDIT OF FEDERALLY ASSISTED GRANT PROGRAMS FOR
THE FISCAL YEAR ENDED JUNE 30, 2018**

ACTION:

Receive and file.

**1.8 COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL
YEAR ENDED JUNE 30, 2018 AND AUDITORS' COMMUNICATION**

ACTION:

Receive and file.

1.9 FISCAL YEAR 2018-19 FIRST QUARTER BUDGET UPDATE

ACTION:

Receive and file the Fiscal Year 2018-19 First Quarter Budget Update.

1.10 TREASURER'S REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2018

ACTION:

Receive and file the Treasurer's Report for the quarter ended September 30, 2018.

1.11 FISCAL YEAR 2017-18 CAPITAL IMPROVEMENT AND SPECIAL FUNDS YEAR-END REPORT

ACTION:

- 1) Approve the closure of 30 completed projects with \$95.0 million in expenditures and release appropriations of \$25.4 million in applicable special funds.
- 2) Approve the continuation of 123 City and Orange County Great Park administered capital projects with appropriations totaling \$160.0 million to Fiscal Year 2018-19.
- 3) Approve a \$19.4 million net appropriation to inter-fund transfers for open capital projects and the return of funding for closed capital projects among various special and capital project funds.
- 4) Approve funding for outstanding purchase orders and continuing activities in the special funds totaling \$1.6 million.
- 5) Approve a budget adjustment for \$50 thousand in revenues and expenditures in the Development Service Fund for traffic engineering plan check review services.
- 6) Approve an additional appropriation of \$1.4 million from the Gas Tax fund balance to fund the new landscape maintenance service contracts in order to maintain existing service levels.
- 7) Receive and file Community Facility District (CFD) annual reports for CFD 2004-1 Central Park, CFD 2005-2 Columbus Grove and CFD 2013-3 Great Park.

1.12 FISCAL YEAR 2017-18 GENERAL FUND YEAR-END REPORT

ACTION:

- 1) Approve a budget adjustment allocating \$4,560,874 of year-end General Fund balance for specific projects/programs previously approved by the City Council.

- 2) Approve a budget adjustment to allocate \$4,161,888 of year-end General Fund balance for a one-time contribution to pay-down the unfunded pension liability.
- 3) Approve a budget adjustment to transfer \$1,000,000 of year-end General Fund balance to the Asset Management Plan Fund for the Fiscal Year 2016-17 repayment in accordance with the Accelerated Pension Liability Pay-down Plan, adopted by the City Council on June 25, 2013.
- 4) Approve a budget adjustment allocating \$70,374 of year-end General Fund balance for outstanding encumbrances and Purchase Orders that were not completed by the end of the fiscal year.

**1.13 COOPERATIVE AGREEMENT WITH ORANGE COUNTY
TRANSPORTATION AUTHORITY TO ADMINISTER THE ORANGE
COUNTY TAXI ADMINISTRATION PROGRAM**

ACTION:

Authorize the City Manager to execute the Cooperative Agreement with the Orange County Transportation Authority for the administration of the Orange County Taxi Administration Program, effective January 1, 2019 through December 31, 2020.

**1.14 CITY OF IRVINE HOUSING SUCCESSOR TO THE DISSOLVED IRVINE
REDEVELOPMENT AGENCY ANNUAL REPORT**

ACTION:

- 1) Authorize submittal of the Housing Successor Annual Report to the California Department of Housing and Community Development.
- 2) Authorize posting the Housing Successor Annual Report on the City of Irvine website.

**1.15 OPERATING AGREEMENT FOR ORANGE COUNTY GREAT PARK
URBAN AGRICULTURE PROGRAMS**

ACTION:

- 1) Authorize the City Manager to execute the proposed Agreement for Contract Services between the City of Irvine and Solutions for Urban Agriculture to operate the Farm + Food Lab and the urban agricultural programs offered at the Orange County Great Park.
- 2) Approve a budget adjustment to transfer \$76,872 from existing personnel and supply appropriations to contract services for the operation and maintenance of the agriculture amenities at the Orange County Great Park for the remainder of the Fiscal Year 2018-19, with no net fiscal impact.

(Unless otherwise directed by a member of the City Council, the vote on this matter will reflect the prior action of each Councilmember when he or she sat and voted as a member of the Board of Directors of the Orange County Great Park Corporation. However, if a Councilmember is not present at the City Council meeting, his or her vote will be reflected as absent.)

1.16 2019 BICYCLE CORRIDOR IMPROVEMENT PROGRAM GRANT APPLICATION FOR JEFFREY OPEN SPACE TRAIL AND INTERSTATE 5 BICYCLE AND PEDESTRIAN BRIDGE PROJECT

ACTION:

- 1) Authorize staff to submit a grant application to Orange County Transportation Authority for the 2019 Bicycle Corridor Improvement Program for construction of the Jeffrey Open Space Trail and Interstate 5 Bicycle and Pedestrian Bridge Project.
- 2) Adopt – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, AUTHORIZING SUBMITTAL OF GRANT FUNDING APPLICATION TO THE ORANGE COUNTY TRANSPORTATION AUTHORITY FOR FUNDS UNDER THE BICYCLE CORRIDOR IMPROVEMENT PROGRAM WITH CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAM FUNDING UNDER THE FIXING AMERICA'S SURFACE TRANSPORTATION FEDERAL TRANSPORTATION ACT

1.17 * COMMUNITY PARTNERSHIP FUND GRANT NOMINATIONS

ACTION:

- 1) Approve Councilmember Schott's requests for Community Partnership Fund Grant nominations to the following organizations in support of program costs:
 - a. Mariners Church - Foster Youth & Families (\$2,000)
 - b. Reaching Youth Through Music Opportunities (\$2,000)
- 2) Authorize the City Manager to prepare and sign the funding agreements listed in Action 1.

2. CONSENT CALENDAR - SUCCESSOR AGENCY

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

2.1 MINUTES

ACTION:

Approve the minutes of a regular joint meeting of the City of Irvine as Successor Agency to the dissolved Irvine Redevelopment Agency with the Irvine City Council held on September 25, 2018.

2.2 *ADOPTION OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE OF THE FORMER IRVINE REDEVELOPMENT AGENCY AND THE ADMINISTRATIVE BUDGET FOR THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY, FOR JULY 1, 2019 THROUGH JUNE 30, 2020*

ACTION:

- 1) Adopt the Recognized Obligation Payment Schedule of the former Irvine Redevelopment Agency for July 1, 2019 through June 30, 2020, and authorize revisions to the reporting format, if needed to comply with potential form changes by the State of California Department of Finance.
- 2) Adopt the administrative budget for the Successor Agency for July 1, 2019 through June 30, 2020.

PUBLIC COMMENT - SUCCESSOR AGENCY (LIMITED TO 3 MINUTES PER SPEAKER)

Any member of the public may address the Successor Agency on items within the Successor Agency'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.

ADJOURNMENT - REGULAR JOINT MEETING

RECONVENE TO THE CITY COUNCIL MEETING

3. PUBLIC HEARINGS

Public Hearings are scheduled for a time certain of 4:00 p.m., unless noticed otherwise, or as soon thereafter as possible. Those wishing to address the City Council during the Public Hearing are requested to complete a form and provide it to the City Clerk prior to the hearing.

Notice: Public Hearings listed for continuance will be continued as noted and posting of this agenda serves as notice of continuance. Any matter not noted for continuance will be posted separately.

3.1 APPROVAL OF TAX-EXEMPT BOND ISSUANCE BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR FINANCING AND REFINANCING AN AFFORDABLE HOUSING PROJECT FOR SANTA ALICIA APARTMENTS

ACTION:

- 1) Receive staff report.
- 2) Open the public hearing; receive public input.
- 3) Close the public hearing.
- 4) City Council comments and questions.
- 5) Adopt - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, APPROVING THE ISSUANCE OF A REVENUE NOTE BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE PURPOSE OF PROVIDING FINANCING FOR SANTA ALICIA APARTMENTS, AND WITH REGARD TO CERTAIN OTHER MATTERS RELATING THERETO

3.2 ZONE CHANGE TO AMEND CHAPTER 9-6 OF THE IRVINE ZONING ORDINANCE RELATED TO THE DISTRIBUTION OF DWELLING UNITS WITHIN PLANNING AREA 6 (PORTOLA SPRINGS)

ACTION:

- 1) Receive staff report.
- 2) Reopen the public hearing; receive public input.
- 3) Close public hearing.
- 4) City Council comments and questions.
- 5) Introduce for first reading and read by title only – AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, APPROVING ZONE CHANGE 00693253-PZC TO AMEND CHAPTER 9-6 OF THE IRVINE ZONING ORDINANCE TO REALLOCATE 226 DWELLING UNITS FROM THE 8.1A TRAILS AND TRANSIT ORIENTED DEVELOPMENT ZONING DISTRICT TO THE 2.3K MEDIUM DENSITY RESIDENTIAL ZONING DISTRICT WITHIN PLANNING AREA 6 (PORTOLA SPRINGS); FILED BY IRVINE COMPANY

4. COUNCIL BUSINESS

4.1 IMPLEMENTATION OF A TWO-YEAR BUDGET CYCLE IN THE CONTEXT OF A COMPREHENSIVE FIVE-YEAR FINANCIAL PLAN

ACTION:

Implement a two-year budget cycle commencing with Fiscal Year 2019-20, including enhancements to long-term planning and public budget review.

PUBLIC COMMENT-CITY COUNCIL (Limited to 3 minutes per speaker)

Any member of the public may address the City Council on items within the City Council'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.

ADJOURNMENT TO CEREMONY (COUNCIL CHAMBER) AND RECEPTION (MAIN LOBBY) FOR OUTGOING COUNCILMEMBERS JEFFREY LALLOWAY AND LYNN SCHOTT - 5 P.M.

NOTICE TO THE PUBLIC

LIVE BROADCASTING AND REBROADCASTING

Regular City Council and Successor Agency meetings are broadcast live every 2nd and 4th Tuesday of the month at 4 p.m. and are replayed on Tuesdays at 4 p.m. (in weeks in which there is not a live City Council and/or Successor Agency meeting), Sundays at 11 a.m., Wednesdays at 7 p.m., and Thursdays at 10 a.m. until the next City Council / Successor Agency meeting. All broadcasts can be viewed on Cox Communications Local Access Channel 30 and U-Verse Channel 99. City Council meetings are also available via live webcast and at any time for replaying through the City's ICTV webpage at cityofirvine.org/ictv. For more information, please contact the City Clerk's office at (949) 724-6205.

ADJOURNMENT

At 11:00 p.m., the City Council / Successor Agency will determine which of the remaining agenda items can be considered and acted upon prior to 12:00 midnight and will continue all other items on which additional time is required until a future City Council / Successor Agency meeting. All meetings are scheduled to terminate at 12:00 midnight.

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 City Clerk and are available for public inspection and copying once the agenda is publicly posted, (at least 72 hours prior to a regular City Council / Successor Agency meeting). Staff reports can also be downloaded from the City's website at cityofirvine.org beginning the Friday prior to the scheduled City Council / Successor Agency meeting on Tuesday.

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.

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 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 City Council / Successor Agency regarding any item on this agenda after the posting of the agenda will be available for public review in the 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 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 City Council / Successor Agency. Please provide 15 copies of the information to be submitted and file with the City Clerk at the time of arrival to the meeting. This information will be disseminated to the City Council / Successor Agency 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 City Clerk's Office at (949)724-6205 no later than 12:00 noon 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 12:00 noon 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 12:00 noon on the day of the scheduled meeting to 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 day time 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 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 CITY DECISIONS

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitations period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge that is not filed within this 90-day period will be barred.

If a person wishes to challenge the nature of the above actions 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 City of Irvine, 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 City Council / Successor Agency are held on the second and fourth Tuesdays of each month at 4:00 p.m. Study Sessions and/or Closed Sessions are periodically held prior to the start of the regular meeting. Agendas are available at the following locations:

- 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 www.ci.irvine.ca.us

I hereby certify that the agenda for the Regular City Council / Successor Agency meeting was posted in the posting book located in the Public Safety Lobby and at the entrance of City Hall, One Civic Center Plaza, Irvine, California on November 21, 2018 by 5pm as well as on the City's web page.

 ASST CITY CLERK

Molly McLaughlin, MPA
City Clerk / Successor Agency Secretary

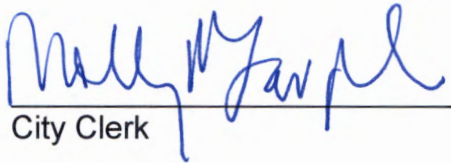
1.1



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: MINUTES



City Clerk

RECOMMENDED ACTION:

Approve the minutes of a regular meeting of the Irvine City Council held on October 23, 2018.



MINUTES

CITY COUNCIL REGULAR MEETING

October 23, 2018
Conference and Training Center
One Civic Center Plaza
Irvine, CA 92606

CALL TO ORDER

The regular meeting of the Irvine City Council was called to order at 4:02 p.m. on October 23, 2018 in the Conference and Training Center, Irvine Civic Center, One Civic Center Plaza, Irvine, California; Mayor Wagner presiding.

ROLL CALL

Present:	4	Councilmember:	Melissa Fox
		Councilmember:	Jeffrey Lalloway
		Mayor Pro Tempore:	Christina Shea
		Mayor:	Donald P. Wagner

Absent:	1	Councilmember:	Lynn Schott
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1. CLOSED SESSION

City Attorney Melching announced the following Closed Session items:

- 1.1 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Government Code Section 54956.9(d)(4): one potential case

- 1.2 CONFERENCE WITH REAL PROPERTY NEGOTIATORS: (Gov Code § 54956.8); Property: Approximately 4.61 acre property at 17352 Derian Ave; Agency Negotiators: Marianna Marysheva, Assistant City Manager; Laurie Hoffman, Director of Community Services; Pete Carmichael, Director of Community Development/Interim Director, Orange County Great Park; and Darlene Nicandro, Project Development Administrator; Negotiating Parties: City of Irvine and MDD Derian 2 LP; Under Negotiation: Price and Terms of Payment**

RECESS

Mayor Wagner convened the regular City Council meeting to Closed Session at 4:03 p.m.

RECONVENE TO THE CITY COUNCIL MEETING

Mayor Wagner reconvened the regular City Council meeting at 4:31 p.m. City Attorney Melching, on behalf of the City Council, announced that no reportable action was taken in Closed Session.

PLEDGE OF ALLEGIANCE

Councilmember Lalloway led the Pledge of Allegiance.

INVOCATION

Mayor Wagner provided the invocation.

CITY MANAGER'S REPORT

There was no report.

ANNOUNCEMENTS/COMMITTEE REPORTS/COUNCIL REPORTS

Councilmember Fox announced her attendance at a recent California Employees Retirement System (CALPERS) seminar and provided a brief summary of the topics discussed, noting that a more detailed report would be provided at an upcoming City Council meeting.

Mayor Wagner made the following announcements:

- The Irvine Civic Center will serve as an Early Voting Service Center beginning Saturday, October 27 through Monday, November 5, including weekends. All registered Orange County voters are eligible to participate in onsite early voting. Additional Voting Center services include ballot replacement, same-day conditional voter registration, full-service voter assistance, and secure drive-thru vote-by-mail ballot drop-off. The Civic Center will also serve as a polling location on Election Day, Tuesday, November 6. For information, visit ocvote.com, or call the City of Irvine Election Hotline at 949-724-6159.
- The Irvine Police Department Office of Emergency Management is partnering with the Orange County Fire Authority for a community meeting on wildfire prevention on Monday, November 5 at 6:30 p.m. at the Orange County Fire Authority Station 27, located at 12400 Portola Springs. Residents who live in neighborhoods that could be impacted by wildfire, such as Portola Springs, Orchard Hills, Quail Hill, Shady Canyon, and Turtle Rock, are encouraged to attend. For information, visit ocfa.org.
- A Veterans Day Ceremony will be held on Sunday, November 11 from 11 a.m. to 12:30 p.m. in the formal garden area at Colonel Bill Barber Marine Corps Memorial Park, where tribute will be paid to our nation's troops, past and present. Local veterans, veterans groups, and military organizations will be honored as well. For information, call 949-724-6606.
- The community is invited to the 37th Annual Irvine Community Thanksgiving Prayer Breakfast on Thursday, November 15 at the Irvine Marriott Hotel with keynote speaker Julie Hill, who helped lead the public-private partnership that built the Human Options' emergency shelter in Orange County. The breakfast begins at 7:30 a.m. Tickets are \$50 and proceeds benefit The Raise Foundation, which is dedicated to preventing and stopping the cycle of child abuse. The City of Irvine and Greater Irvine Chamber of Commerce are supporters of this event. For information, including how to purchase tickets, visit cityofirvine.org.
- Live Nation, the operator at the FivePoint Amphitheatre, has worked with City staff to reduce noise levels, and the number of complaints has been reduced over the last two months. However, the City Council understands that more work needs to be done. Live Nation has committed to working with the City on additional noise reduction measures prior to the start of next year's concert season in order to achieve balance. For concerns related to disruptive noise from a concert, contact Public Safety Dispatch at 949-724-7200.

- The City of Irvine has implemented a new mobile device system for the Building Inspection team. Each of the City's building inspectors now has a networked device in the field that will save time, eliminate paper waste, and most importantly, enhance customer service. The new mobile system will provide real-time emailed correction reports and inspection results by the end of day.
- Police Chief Hamel and the Irvine Police Department were honored with the prestigious Spurgeon Award at an event held in Garden Grove, which recognizes the contribution of significant leadership to the Exploring program. The Irvine Police Explorer program, founded in 1975, provides teens who may be interested in law enforcement with a comprehensive experience that includes training, competition, and community service. Character development, physical fitness, responsibility, and volunteerism are integral components of the program.

ADDITIONS AND DELETIONS

There were no additions or deletions to the agenda.

2. CONSENT CALENDAR

ACTION: Moved by Councilmember Lalloway, seconded by Mayor Pro Tempore Shea, and unanimously carried by those members present (Councilmember Schott absent) to approve City Council Consent Calendar Item Nos. 2.1 through 2.3, and 2.6 through 2.8. Consent Calendar Item No. 2.5 was removed for separate discussion.

2.1 MINUTES

ACTION:

Approved the minutes of a regular meeting of the Irvine City Council and regular joint meeting with the City of Irvine as Successor Agency to the dissolved Irvine Redevelopment Agency held on September 25, 2018.

2.2 COMMENDATIONS

ACTION:

Ratified and commended Reverend Mark E. Whitlock Jr. for 20 Years of Outstanding Community Service.

2.3 WARRANT AND WIRE TRANSFER RESOLUTION

ACTION:

Adopted RESOLUTION NO. 18-74 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS AND SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID

2.4 THIS ITEM WAS REMOVED FROM THE AGENDA ORIGINALLY POSTED ON OCTOBER 11, 2018.

2.5 AMENDMENT NO. 1 TO AFFORDABLE HOUSING LAND TRANSFER AGREEMENT BY AND BETWEEN THE CITY OF IRVINE AND THE IRVINE COMMUNITY LAND TRUST

This item was removed for separate discussion at the request of members of the public.

The following individuals spoke in opposition to approval of the proposed Amendment to the Affordable Housing Land Transfer Agreement and lack of transparency with the Irvine Community Land Trust:

Jane Olinger, Irvine resident
Dee Fox

Steve Holtz, Manager of Neighborhood Services, and Charles Kovak, Housing Administrator, presented the staff report and responded to questions.

Mark Asturias, Executive Director of the Irvine Community Land Trust (ICLT), spoke about recent changes in bylaws, and responded to questions related to ICLT meetings and financial accountability.

City Council discussion included: providing a brief history related to the ICLT; clarified why the amendment to the Land Transfer Agreement was necessary; discussed open meeting requirements, financial accountability, and other transparency concerns; discussed the increase in costs for the requested office space; reiterated the public benefits to having office space onsite; inquired about staff review of ICLT financials; and noted the City's financial support of the ICLT.

ACTION: Moved by Councilmember Fox, seconded by Mayor Pro Tempore Shea, to:

- 1) Approve Amendment No. 1 to Affordable Housing Land Transfer Agreement by and between the City of Irvine and the Irvine Community Land Trust. **(Contract No. 9213A)**
- 2) Authorize the City Manager and City Attorney to execute all documents necessary to implement Amendment No. 1 to Affordable Housing Land Transfer Agreement.

The motion carried as follows:

AYES: 3 COUNCILMEMBERS: Fox, Shea and Wagner

NOES: 1 COUNCILMEMBERS: Lalloway

ABSENT: 1 COUNCILMEMBERS: Schott

2.6 RELOCATION OF A MAINTENANCE ACCESS EASEMENT IN LOS OLIVOS

ACTION:

Authorized the Mayor to execute a quitclaim deed and amendment of easement deed relocating a maintenance access easement in Los Olivos. **(Deed No. 1639)**

2.7 NOTICE OF REVIEW FOR TRACT MAPS IN PORTOLA SPRINGS

ACTION:

Received and filed.

2.8 COMMUNITY PARTNERSHIP FUND GRANT NOMINATIONS

ACTION:

- 1) Approved Mayor Pro Tempore Shea's request for Community Partnership Fund Grant nomination to Canyon View Elementary Parent Teacher Association in support of Jane Goodall's Roots & Shoots Program (\$600). **(Contract No. 10433)**
- 2) Approved Councilmember Fox's request for Community Partnership Fund Grant nomination to the Irvine 2/11 Marine Adoption Committee in support of the 2/11 Marine Birthday Ball (\$1,000). **(Contract No. 10434)**
- 3) Authorized the City Manager to prepare and sign the funding agreements listed in Actions 1 and 2.

3. COUNCIL BUSINESS

3.1 FIRST READING OF ORDINANCE ADDING DIVISION 15 OF TITLE 1 OF THE IRVINE MUNICIPAL CODE - PUBLIC MEETINGS AND PUBLIC RECORDS, TO BE KNOWN AS THE IRVINE SUNSHINE ORDINANCE, AND MAKING CONFORMING MODIFICATIONS

Molly McLaughlin, City Clerk, presented the staff report and responded to questions.

John Russo, City Manager, suggested a proposed amendment to the Ordinance to remove the requirement to video stream Planning Commission meetings (Element No. 4 of the proposed Ordinance) to further analyze financial impacts, and forward to the Planning Commission for its recommendation; and noted that the item would return to the City Council with the budget in June.

The following individuals spoke in support of the proposed City of Irvine Sunshine Ordinance:

Jane Olinger, Irvine resident
Anthony Kuo, Irvine resident
Brigitte

City Council discussion included: reiterating the benefits of more transparency, including additional review time for agenda materials and increased public participation; inquired about the establishment of uniform standards for minutes; and noted further potential conflict-of-interest matters and related impacts based on the proposed Ordinance.

ACTION: Moved by Mayor Pro Tempore Shea, seconded by Councilmember Fox, and unanimously carried by those members present (Councilmember Schott absent), to:

Introduce for first reading, and read by title only, ORDINANCE NO. 18-10 - AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, ADDING DIVISION 15 OF TITLE 1 OF THE IRVINE MUNICIPAL CODE - PUBLIC MEETINGS AND PUBLIC RECORDS, TO BE KNOWN AS THE IRVINE SUNSHINE ORDINANCE, AND MAKING CONFORMING MODIFICATIONS TO CHAPTER 2-1 (GENERAL) OF DIVISION 2 OF TITLE 1, CHAPTER 2-2 (RULES OF ORDER) OF DIVISION 2 OF TITLE 1, CHAPTER 4-1 (IN GENERAL) OF DIVISION 4 OF TITLE 1; CHAPTER 4-2 (IN GENERAL) OF DIVISION 4 OF TITLE 1, DIVISION 13 (FINANCE COMMISSION) OF TITLE 2, DIVISION 3 (COMMUNITY SERVICES COMMISSION) OF TITLE 3, DIVISION 3 (PLANNING COMMISSION) OF TITLE 5, AND CHAPTER 9 (TRANSPORTATION COMMISSION) OF DIVISION 3 OF TITLE 6 OF THE IRVINE MUNICIPAL CODE **AS AMENDED** to revise Section 15-1-110 (A) as follows:

Section 15-1-110 Minutes and recordings.

- A. The City Council, ~~and Planning Commission (commencing January 2019)~~ shall make a visual and audio recording of every open meeting. All other local bodies shall make audio recording of every open meeting. Any recording of any open meeting shall be a public record subject to inspection and copying and shall not be erased, deleted or destroyed for at least five (5) years, provided that if during that five-year period a written request for inspection or copying of any recording is made, the recording shall not be erased, deleted or destroyed until the requested inspection or copying has been accomplished. A copy of any such recording shall be provided, free of charge, upon request.

PUBLIC COMMENTS

Ryan Chang, Irvine resident, spoke in opposition to fees for the use of City facilities for Boy Scout Troops.

Kelly McWilliams, Kamran Nouri, and Scott Couchman, Irvine residents, expressed concern about short-term rental properties in their respective neighborhoods and spoke in support of increasing restrictions in the City of Irvine.

Brigitte spoke on behalf of the Tseglin family related to an autistic family member, and recent actions by the Orange County Board of Supervisors.

Robin Gourian and Karen Jaffee, Irvine residents, spoke in opposition to an Amendment to a Land Transfer Agreement with the Irvine Community Land Trust (ICLT) and in support of increasing transparency by the ICLT.

Steven Miller, Irvine resident, spoke in support of the tabling discussion related to Senate Bill 54.

Joe McLaughlin, Irvine resident, spoke in opposition to Senate Bill 54.

Prior to adjournment, Councilmember Lalloway asked that the City Manager work with the individuals who expressed concern about short-term rentals in their neighborhoods to explore potential remedies.

ADJOURNMENT

Moved by Councilmember Lalloway, seconded by Councilmember Fox, and unanimously carried by those members present (Councilmember Schott absent), to adjourn the City Council meeting in memory of Irvine resident and veteran Pete Meade at 6:16 p.m.

MAYOR OF THE CITY OF IRVINE

CITY CLERK OF THE CITY OF IRVINE

November 27, 2018

1.2



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: WARRANT AND WIRE TRANSFER RESOLUTION

Director of Administrative Services

City Manager

RECOMMENDED ACTION

Adopt - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS AND SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID

EXECUTIVE SUMMARY

A detailed register of claims, the Register of Warrants and Wire Transfers, are submitted to the City Council for review and authorization on a weekly basis. Approval of the attached resolution ratifies the disbursement of funds for the period of October 31, 2018 through November 13, 2018 in accordance with Section 2-7-211 of the Irvine Municipal Code.

ATTACHMENT Warrant and Wire Transfer Resolution

CITY COUNCIL RESOLUTION NO. 18-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
IRVINE, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND
DEMANDS AND SPECIFYING THE FUNDS OUT OF
WHICH THE SAME ARE TO BE PAID

(SEE ATTACHED)

PASSED AND ADOPTED by the City Council of the City of Irvine at a regular
meeting held on the 27th day of November 2018.

MAYOR OF THE CITY OF IRVINE

ATTEST:

CITY CLERK OF THE CITY OF IRVINE

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF IRVINE)

I, MOLLY MCLAUGHLIN, City Clerk of the City of Irvine, HEREBY DO CERTIFY
that the foregoing resolution was duly adopted at a regular meeting of the City Council
of the City of Irvine, held on the 27th day of November 2018.

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

CITY CLERK OF THE CITY OF IRVINE

10/31/2018 through 11/6/2018

REGISTER OF DEMANDS AND WARRANTS

Fund	Fund Description	Amount
001	GENERAL FUND	657,607.29
004	PAYROLL CLEARING FUND	1,054,342.64
005	DEVELOPMENT SERVICES FUND	41,110.50
007	SCHOOL SUPPORT FUND	162,150.00
024	BUILDING & SAFETY FUND	11,084.25
114	HOME GRANT	130.00
119	LIGHTING, LANDSCAPE & PARK MNT	62,914.13
128	OFFICE ON AGING PROGRAMS FUND	9,443.72
143	PUBLIC SAFETY GRANTS	12,973.27
155	COMMUNITY SERVICES PROGRAMS	72.75
180	ORANGE COUNTY GREAT PARK	10,815.78
250	CAPITAL IMPROV PROJ FUND - CIR	134,071.12
260	CAPITAL IMPROV PROJ-NON CIRC	71,206.89
270	NORTH IRVINE TRANSP MITIGATION	8,056.77
286	GREAT PARK DEVELOPMENT FUND	707,969.96
501	INVENTORY	1,676.59
570	INSURANCE FUND	38,157.72
574	FLEET SERVICES FUND	31,822.47
578	MAIL & PRINT INTERNAL SERVICES	50,166.72
579	STRATEGIC TECHNOLOGY PLAN FUND	150,315.30
714	REASSESSMENT 12-1 FIXED RATE	10,559.46
715	AD 13-25 FIXED RATE	1,280.96
716	RAD 13-1 FIXED RATE	3,568.46
717	RAD 04-20 PORTOLA SPR VAR RT A	85.49
718	RAD 05-21 ORCHARD HLS VAR RT	103.62
719	REASSESSMENT 85-7A VARIABLE RT	59.45
721	AD00-18 SHADY CNYN&TURLT ROCK	7,539.35
723	AD03-19 WOODBURY SER B VAR RT	32.05
724	AD 07-22 STONEGATE VAR RT A	29.47
726	AD10-23 SERIES B FR LAGUNA ALT	290.97
730	11-24 FIXED RT CYPRESS VILLAGE	1,651.84
731	AD07-22 GROUP 4 FIXED RATE	1,054.83
732	RAD 04-20 GROUP 3 FIXED RATE	346.90
735	AD03-19 WOODBURY SER A VAR RT	32.05
744	CFD 2013-3 GREAT PARK	1,353.04
745	CFD 2005-2R COLUMBUS GROVE SP	192.48
746	CFD 2004-1 CENTRAL PARK	348.51
760	AD87-8 ICD/BAKE PKWY DEBT SVC	34.02
767	AD94-15 WESTPARK II SERIES A	34.02
770	REASSESSMENT DIST 05-21 G2 FR	259.27
771	AD97-16 NORTHWEST IRVINE VARI	36.94
772	RAD 15-1 FIXED RATE	5,288.62
773	RAD 15-2 FIXED RATE	2,282.25
774	AD94-13 VARIABLE RT-OAKCREEK	32.99
775	AD97-17 LOWER PETERS CYN EAST	38.92
776	AD93-14 SPECT 6N/SPECT 7	53.61
777	RAD 05-21 G1 FIXED RATE	1,824.32

10/31/2018 through 11/6/2018

REGISTER OF DEMANDS AND WARRANTS

Fund	Fund Description	Amount
778	RAD 04-20 G4 FIXED RATE	545.47
779	RAD 04-20 G5 FIXED RATE	463.84
780	RAD 04-20 G6 FIXED RATE	301.44
	GRAND TOTAL	3,255,812.51

11/7/2018 through 11/13/2018

REGISTER OF DEMANDS AND WARRANTS

Fund	Fund Description	Amount
001	GENERAL FUND	693,049.52
004	PAYROLL CLEARING FUND	51,484.25
005	DEVELOPMENT SERVICES FUND	8,775.50
024	BUILDING & SAFETY FUND	996.49
111	GAS TAX FUND	9,632.85
114	HOME GRANT	3,885.00
119	LIGHTING, LANDSCAPE & PARK MNT	7,543.89
125	COMM DEVELOP BLOCK GRANT FUND	6,188.75
126	SENIOR SERVICES FUND	236.00
128	OFFICE ON AGING PROGRAMS FUND	1,367.89
130	AB2766 - AIR QUALITY IMPROVMNT	4,018.75
139	SUPPL LAW ENFORCEMENT SERVICES	9,000.00
154	RENEWED MEASURE M2 FAIR SHARE	2,930.00
155	COMMUNITY SERVICES PROGRAMS	69.75
180	ORANGE COUNTY GREAT PARK	318,619.28
260	CAPITAL IMPROV PROJ-NON CIRC	21,928.80
271	IRVINE BUSINESS COMPLEX	8,162.50
286	GREAT PARK DEVELOPMENT FUND	633.15
501	INVENTORY	13,929.24
570	INSURANCE FUND	50,133.99
574	FLEET SERVICES FUND	53,394.97
579	STRATEGIC TECHNOLOGY PLAN FUND	2,060.00
580	CIVIC CTR MAINT & OPERATIONS	3,723.38
GRAND TOTAL		1,271,763.95

1.3



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: ORANGE COUNTY GREAT PARK FUNDS FINANCIAL
STATEMENT AUDIT – FISCAL YEAR 2017-18

Director of Administrative Services

City Manager

RECOMMENDED ACTION

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, 2018. 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, 2018, 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

This item is scheduled for consideration by the Orange County Great Park Board of Directors on November 27, 2018.

Unless otherwise directed by a member of the City Council, the vote on this matter will reflect the prior action of each City Councilmember when he or she sat and voted as a member of the Board of Directors of the Orange County Great Park Corporation. However, if a Councilmember is not present at the City Council meeting, his or her vote will be reflected as absent.

On November 5, 2018, 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 2017-18, the Orange County Great Park funds include the Operations Special Revenue Fund and Development Capital Projects Fund. Combined, these two funds recorded revenues of \$31.8 million, expenditures of \$27.1 million and an ending fund balance of \$328.0 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 \$3,165 and is funded within the Fiscal Services budget in the Orange County Great Park Operations Fund.

REPORT PREPARED BY Roger Galli, Senior Management Analyst

ATTACHMENT

Orange County Great Park Financial Statements as of June 30, 2018

CITY OF IRVINE, CALIFORNIA
ORANGE COUNTY GREAT PARK FUNDS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

ATTACHMENT

CITY OF IRVINE
ORANGE COUNTY GREAT PARK FUNDS
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June 30, 2018

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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 (the City), 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, 2018, 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, as of June 30, 2018, 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 opinions 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, as of June 30, 2018, 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 29, 2018, on our consideration of the City'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 Dick Evans LLP

Irvine, California
October 29, 2018

CITY OF IRVINE
ORANGE COUNTY GREAT PARK FUNDS

BALANCE SHEET

June 30, 2018
(amounts expressed in thousands)

	Special Revenue Fund	Capital Projects Fund	
	Orange County Great Park Operations	Orange County Great Park Development	Total
ASSETS:			
Cash and investments	\$ 109,646	\$ 7,077	\$ 116,723
Receivables, net of allowances	200	-	200
Accrued interest	203	10	213
Escrow deposits	-	719	719
Due from other governments	2,138	-	2,138
Due from Successor Agency	235,962	-	235,962
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 348,149</u>	<u>\$ 7,806</u>	<u>\$ 355,955</u>
LIABILITIES:			
Accounts payable	\$ 1,137	\$ 931	\$ 2,068
Accrued liabilities	-	14	14
Due to Irvine Community Land Trust	23,596	-	23,596
Due to other City fund	22	-	22
Due to other governments	2	-	2
Unearned revenue	68	-	68
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>24,825</u>	<u>945</u>	<u>25,770</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	2,138	-	2,138
	<hr/>	<hr/>	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,138</u>	<u>-</u>	<u>2,138</u>
FUND BALANCES:			
Restricted	28,049	-	28,049
Assigned	293,137	6,861	299,998
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>321,186</u>	<u>6,861</u>	<u>328,047</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 348,149</u>	<u>\$ 7,806</u>	<u>\$ 355,955</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, 2018
(amounts expressed in thousands)

	Special Revenue Fund	Capital Projects Fund	
	Orange County Great Park Operations	Orange County Great Park Development	Total
REVENUES:			
Investment income	\$ 83	\$ (28)	\$ 55
Charges for services	4,062	-	4,062
Revenue from developers	10,364	-	10,364
Special assessments	10,016	-	10,016
Contributions from other City funds	-	7,216	7,216
Other revenue	58	-	58
TOTAL REVENUES	<u>24,583</u>	<u>7,188</u>	<u>31,771</u>
EXPENDITURES:			
Current:			
General government	2,724	3	2,727
Public safety	533	-	533
Public works	3,897	4	3,901
Community development	27	-	27
Community services	4,738	-	4,738
Reimbursement of contribution to City	-	-	-
Capital outlay	-	15,173	15,173
TOTAL EXPENDITURES	<u>11,919</u>	<u>15,180</u>	<u>27,099</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>12,664</u>	<u>(7,992)</u>	<u>4,672</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	10,899	10,899
Transfers out	(10,899)	-	(10,899)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,899)</u>	<u>10,899</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,765	2,907	4,672
FUND BALANCES, BEGINNING OF YEAR	<u>319,421</u>	<u>3,954</u>	<u>323,375</u>
FUND BALANCES, END OF YEAR	<u>\$ 321,186</u>	<u>\$ 6,861</u>	<u>\$ 328,047</u>

See accompanying notes to financial statements.

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 (OCGP) was formed by the City to transform the former United States Marine Corps Air Station (MCAS) El Toro into the first great metropolitan park of the twenty-first 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, 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, Lennar Corporation was granted limited development rights in return for the land and capital that will allow the construction of the OCGP. The agreement required Lennar to transfer more than 1,347 acres to public ownership and contribute \$200 million dollars toward the development of the OCGP. 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, 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 and 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.

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 presents 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 balances 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'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.

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.

CITY OF IRVINE
ORANGE COUNTY GREAT PARK FUNDS
Notes to Financial Statements
June 30, 2018
(Amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Operations 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
June 30, 2018
(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's cash and investment pool. The table below identifies the investment types that are authorized by the City'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	25%	None
Corporate Medium-Term Notes	5 years	15%	3%
Money Market Mutual Funds	N/A	20%	2%
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.

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 and the City's investment policy (where more restrictive). See the City's Comprehensive Annual Financial Report for further details.

2. CASH AND INVESTMENTS (CONTINUED)

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 US Treasuries, US 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.

Fair Value Measurements

The City categorizes its fair value measurements 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's cash and investment pool. Information regarding the exposure of the City'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's Comprehensive Annual Financial Report.

3. DUE FROM SUCCESSOR AGENCY

The City 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 of California 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, 2018, the outstanding balance due from the Successor Agency is \$235,962.

As part of the settlement agreement, the City agreed to pay the Irvine Community Land Trust 5% 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% to 10% of the settlement agreement. The total due to the Irvine Community Land Trust from the City at June 30, 2018, was \$23,596.

4. INTERFUND TRANSFERS

Interfund transfers of \$10,899 were made to fund various capital projects related to the OCGP.

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 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 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 rent for this property is \$116 for an annual rental amount of \$464. An additional \$0.69 per ton is charged as a Green Waste Host Fees, and the amount collected June 30, 2018, was \$530. The second parcel under this lease is used for buildings, which can be used for office space, light maintenance, and manufacturing. The amount received for this parcel for the fiscal year ended June 30, 2018, was \$93.

CITY OF IRVINE
ORANGE COUNTY GREAT PARK FUNDS
Notes to Financial Statements
June 30, 2018
(Amounts expressed in thousands)

5. LEASES (CONTINUED)

OCGP has 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, 2018, was \$31.

OCGP has a lease with Orange County Produce to grow strawberries and other crops. The lease began in July 2010 and terminates June 30, 2019. Rental revenue at June 30, 2018, was \$36.

OCGP has a lease with AMCI/Omnicom for the use of other sites within OCGP. The lease is month to month with \$297 received in the fiscal year June 30, 2018.

The future minimum rental revenue to be received from the aforementioned operating leases as of June 30, 2018, is as follows:

Fiscal Year Ending June 30,	Annual Rent
<u>2019</u>	<u>\$ 1,038</u>

6. LITIGATION

At June 30, 2018, 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 OCGP. 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, 2018, have been evaluated for possible adjustment to the financial statements or disclosure as of October 29, 2018, 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, 2018
(amounts expressed in thousands)

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 868	\$ 868	\$ 83	\$ (785)
Charges for services	7,023	7,023	4,062	(2,961)
Revenue from developers	2,750	2,750	10,364	7,614
Special assessment	10,079	10,079	10,016	(63)
Other revenue	-	-	58	58
TOTAL REVENUES	20,720	20,720	24,583	3,863
EXPENDITURES:				
Current:				
City Manager:				
Personnel	1,238	1,238	1,007	231
Supplies	109	109	16	93
Internal service allocations	52	52	52	-
Contract services	2,688	2,809	1,372	1,437
Training and business expense	30	30	2	28
Capital equipment	20	20	-	20
Miscellaneous	106	106	30	76
Total City Manager	4,243	4,364	2,479	1,885
Administrative Services:				
Personnel	401	401	231	170
Internal service allocations	11	11	11	-
Contract services	7	7	3	4
Training and business expenses	2	2	-	2
Total Administrative Services	421	421	245	176
Public Safety:				
Personnel	543	543	473	70
Supplies	4	4	3	1
Internal service allocations	7	7	7	-
Capital equipment	80	80	50	30
Total Public Safety	634	634	533	101

(Continued)

CITY OF IRVINE
ORANGE COUNTY GREAT PARK OPERATIONS SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE
(CONTINUED)

For the year ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works:				
Personnel	\$ 844	\$ 844	\$ 812	\$ 32
Supplies	133	133	94	39
Internal service allocations	26	26	26	-
Contract services	4,679	5,610	2,510	3,100
Training and business expenses	6	6	-	6
Utilities	742	742	437	305
Capital equipment	32	32	18	14
Total Public Works	6,462	7,393	3,897	3,496
Community Development:				
Personnel	54	54	3	51
Supplies	3	3	-	3
Contract services	606	606	24	582
Total Community Development	663	663	27	636
Community Services:				
Personnel	2,722	2,722	2,406	316
Supplies	325	325	230	95
Internal service allocations	655	655	655	-
Contract services	2,384	2,384	1,032	1,352
Training and business expenses	36	36	8	28
Capital equipment	268	268	266	2
Miscellaneous	212	212	141	71
Repairs and maintenance	9	9	-	9
Total Community Services	6,611	6,611	4,738	1,873
Transportation				
Contract services	100	100	-	100
Total Transportation	100	100	-	100
TOTAL EXPENDITURES	19,134	20,186	11,919	8,267
EXCESS OF REVENUES OVER EXPENDITURES	1,586	534	12,664	12,130

(Continued)

CITY OF IRVINE
ORANGE COUNTY GREAT PARK OPERATIONS SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE
(CONTINUED)

For the year ended June 30, 2018
(amounts expressed in thousands)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>\$ (5,021)</u>	<u>\$ (10,899)</u>	<u>\$ (10,899)</u>	<u>\$ -</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,021)</u>	<u>(10,899)</u>	<u>(10,899)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,435)	(10,365)	1,765	12,130
FUND BALANCES, BEGINNING OF YEAR	<u>319,421</u>	<u>319,421</u>	<u>319,421</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 315,986</u></u>	<u><u>\$ 309,056</u></u>	<u><u>\$ 321,186</u></u>	<u><u>\$ 12,130</u></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, 2018, and the related notes to the financial statements and have issued our report thereon dated October 29, 2018.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.

A handwritten signature in cursive script that reads "White Nelson Dick Evans LLP".

Irvine, California
October 29, 2018

1.4




REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: FISCAL YEAR 2017-18 MEASURE M2 EXPENDITURE REPORT



Director of Administrative Services



City Manager

RECOMMENDED ACTION

Adopt – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, ADOPTING THE FISCAL YEAR 2017-18 MEASURE M2 EXPENDITURE REPORT FOR THE CITY OF IRVINE

EXECUTIVE SUMMARY

The Renewed Measure M Transportation Ordinance and Investment Plan requires each jurisdiction receiving Measure M2 funding to adopt and file an annual M2 Expenditure Report (Report) within six months of the jurisdiction's fiscal year end. Adoption of this resolution (Attachment 1) certifies that the Report is in conformance with the required templates, and accounts for the revenues, expenditures, and fund balances at the end of the fiscal year.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not applicable.

ANALYSIS

The Measure M half-cent local transportation sales tax was renewed for a 30-year extension by voters on November 7, 2006. The Orange County Transportation Authority (Authority) administers funding to cities as outlined in its Ordinance No. 3 and in the Comprehensive Transportation Funding Program guidelines approved by the Authority's Board of Directors. The collection for the original Measure M sales tax ended on March 31, 2011 and the Renewed Measure M2 sales tax began on April 1, 2011.

Measure M2 is focused on improving the transportation system, synchronizing traffic signals, and alleviating traffic congestion in Orange County. Measure M2 also requires stringent taxpayer safeguards including a Taxpayer Oversight Committee, mandatory annual independent audits, and regular progress reports on public projects. By filing the Report with the Authority, the City will be in compliance with the Authority's Ordinance No. 3, which will permit the City to continue receiving Measure M2 funding.

The Report (Attachment 2) presents all transportation revenues and expenditures for the fiscal year ended June 30, 2018. Examples of transportation activities include street widening, signal synchronization, pedestrian walkways and bike paths, storm drain improvements, and preventative maintenance to preserve street conditions. The Report includes various Measure M2 revenues received from the Authority in Fiscal Year (FY) 2017-18: Project Q (M2 Fairshare), Project O (Regional Capacity Program), Project P (Traffic Signal Synchronization Program), and other funding such as Project U (Senior Mobility Program), and Project X (Water Quality Program) to fund transportation activities and environmental cleanup programs. Revenues received and the related expenditures from other transportation-related funding sources such as developer impact fees, contributions, grants, and the General Fund are presented on Schedule 3 of the Report.

Another requirement of the Authority's Ordinance No. 3 is reporting the City's Maintenance of Effort (MOE) compliance. Measure M2 funds are intended to supplement local transportation funding and agencies are required to maintain a minimum level of local street and road expenditures. For FY 2017-18, the City exceeded its MOE minimum requirement of \$7.1 million, with street and traffic signal related expenditures of \$19.1 million. Per the M2 Ordinance, the MOE benchmark must be adjusted every three years and the current benchmark was amended on July 1, 2017.

ALTERNATIVES CONSIDERED

The filing of the Report is required as one of the compliance components to continue to receive M2 funding. Failure to adhere to eligibility compliance requirements may result in suspension of funds. No other alternatives were considered.

FINANCIAL IMPACT

Timely filing of the expenditure report with the Authority ensures the City continues receiving Measure M2 funding for the City's transportation activities and rehabilitation programs. The City received \$7.2 million in Measure M2 funding, which includes \$4.7 million of M2 Fairshare funding and \$2.5 million of M2 grant funding. For FY 2018-19, the City expects to receive approximately \$4.9 million of Measure M2 Local Fairshare funding, and M2 grant funds are budgeted at \$4.1 million.

REPORT PREPARED BY Andrew Do, Senior Accountant

ATTACHMENTS

1. Resolution
2. M2 Expenditure Report

CITY COUNCIL RESOLUTION NO. 18-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
IRVINE, CALIFORNIA, ADOPTING THE FISCAL YEAR 2017-18
MEASURE M2 EXPENDITURE REPORT FOR THE CITY OF
IRVINE

WHEREAS, Local Transportation Authority Ordinance No. 3 requires local jurisdictions to adopt an annual M2 Expenditure Report (Report) to account for net revenues, developer/traffic impact fees, and funds expended by local jurisdiction, which satisfy the Maintenance of Effort requirements; and

WHEREAS, the Report shall include all net revenue fund balances, interest earned and expenditures identified by type and program or project; and

WHEREAS, the Report must be adopted and submitted to the Orange County Transportation Authority (OCTA) each year within six months of the end of the local jurisdiction's fiscal year to be eligible to receive net revenues as part of Measure M2.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Irvine, DOES HEREBY INFORM OCTA that:

a) The Fiscal Year 2017-18 Measure M2 Expenditure Report is in conformance with the M2 Expenditure Report template provided in the Renewed Measure M Eligibility Guidelines and accounts for net revenues including interest earned, expenditures during the fiscal year and balances at the end of the fiscal year.

b) The M2 Expenditure Report is hereby adopted by the City of Irvine.

c) The City of Irvine's Director of Administrative Services is hereby authorized to sign and submit the Measure M2 Expenditure Report to OCTA for the fiscal year ended June 30, 2018.

d) The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of the City of Irvine at a regular meeting held on the 27th day of November 2018.

MAYOR OF THE CITY OF IRVINE

ATTEST:

CITY CLERK OF THE CITY OF IRVINE

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF IRVINE)

I, MOLLY MCLAUGHLIN, City Clerk of the City of Irvine, HEREBY DO CERTIFY that the foregoing resolution was duly adopted at a regular meeting of the City Council of the City of Irvine, held on the 27th day of November 2018 by the following vote:

AYES:	0	COUNCILMEMBERS:
NOES:	0	COUNCILMEMBERS:
ABSENT:	0	COUNCILMEMBERS:
ABSTAIN:	0	COUNCILMEMBERS:

CITY CLERK OF THE CITY OF IRVINE

M2 Expenditure Report
Fiscal Year Ended June 30, 2018
Beginning and Ending Balances

Description		Line No.	Amount	Interest
Balances at Beginning of Fiscal Year				
A-M	Freeway Environmental Mitigation	1	\$ -	\$ -
O	Regional Capacity Program (RCP)	2	\$ (1,099,290)	\$ -
P	Regional Traffic Signal Synchronization Program (RTSSP)	3	\$ (1,439,288)	\$ -
Q	Local Fair Share	4	\$ 2,159,451	\$ -
R	High Frequency Metrolink Service	5	\$ -	\$ -
S	Transit Extensions to Metrolink	6	\$ -	\$ -
T	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	7	\$ -	\$ -
U	Senior Mobility Program or Senior Non-Emergency Medical Program	8	\$ -	\$ -
V	Community Based Transit/Circulators	9	\$ -	\$ -
W	Safe Transit Stops	10	\$ -	\$ -
X	Environmental Cleanup Program (Water Quality)	11	\$ -	\$ -
	Other*	12	\$ -	\$ -
Balances at Beginning of Fiscal Year		13	\$ (379,127)	\$ -
	Monies Made Available During Fiscal Year	14	\$ 7,241,964	\$ 26,659
Total Monies Available (Sum Lines 13 & 14)		15	\$ 6,862,837	\$ 26,659
	Expenditures During Fiscal Year	16	\$ 8,381,116	\$ 26,659
Balances at End of Fiscal Year				
A-M	Freeway Environmental Mitigation	17	\$ -	\$ -
O	Regional Capacity Program (RCP)	18	\$ (2,533,650)	\$ -
P	Regional Traffic Signal Synchronization Program (RTSSP)	19	\$ (720,887)	\$ -
Q	Local Fair Share	20	\$ 1,736,258	\$ -
R	High Frequency Metrolink Service	21	\$ -	\$ -
S	Transit Extensions to Metrolink	22	\$ -	\$ -
T	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	23	\$ -	\$ -
U	Senior Mobility Program or Senior Non-Emergency Medical Program	24	\$ -	\$ -
V	Community Based Transit/Circulators	25	\$ -	\$ -
W	Safe Transit Stops	26	\$ -	\$ -
X	Environmental Cleanup Program (Water Quality)	27	\$ -	\$ -
	Other*	28	\$ -	\$ -

* Please provide a specific description

M2 Expenditure Report

Fiscal Year Ended June 30, 2018

Sources and Uses

Description	Line No.	Amount	Interest
Revenues:			
A-M Freeway Environmental Mitigation	1	\$ -	\$ -
O Regional Capacity Program (RCP)	2	\$ 124,519	\$ -
P Regional Traffic Signal Synchronization Program (RTSSP)	3	\$ 1,439,288	\$ -
Q Local Fair Share	4	\$ 4,689,142	\$ 26,659
R High Frequency Metrolink Service	5	\$ -	\$ -
S Transit Extensions to Metrolink	6	\$ -	\$ -
T Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	7	\$ -	\$ -
U Senior Mobility Program or Senior Non-Emergency Medical Program	8	\$ 170,739	\$ -
V Community Based Transit/Circulators	9	\$ -	\$ -
W Safe Transit Stops	10	\$ -	\$ -
X Environmental Cleanup Program (Water Quality)	11	\$ 818,276	\$ -
Other*	12	\$ -	\$ -
TOTAL REVENUES (Sum lines 1 to 12)	13	\$ 7,241,964	\$ 26,659
Expenditures:			
A-M Freeway Environmental Mitigation	14	\$ -	\$ -
O Regional Capacity Program (RCP)	15	\$ 1,558,879	\$ -
P Regional Traffic Signal Synchronization Program (RTSSP)	16	\$ 720,887	\$ -
Q Local Fair Share	17	\$ 5,112,335	\$ 26,659
R High Frequency Metrolink Service	18	\$ -	\$ -
S Transit Extensions to Metrolink	19	\$ -	\$ -
T Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	20	\$ -	\$ -
U Senior Mobility Program or Senior Non-Emergency Medical Program	21	\$ 170,739	\$ -
V Community Based Transit/Circulators	22	\$ -	\$ -
W Safe Transit Stops	23	\$ -	\$ -
X Environmental Cleanup Program (Water Quality)	24	\$ 818,276	\$ -
Other*	25	\$ -	\$ -
TOTAL EXPENDITURES (Sum lines 14 to 25)	26	\$ 8,381,116	\$ 26,659
TOTAL BALANCE (Subtract line 26 from 13)	27	\$ (1,139,152)	\$ -

* Please provide a specific description

M2 Expenditure Report
Fiscal Year Ended June 30, 2018
Streets and Roads Detailed Use of Funds

Type of Expenditure	Line No.	MOE ²	+Developer / Impact Fees	O	O Interest	P	P Interest	Q	Q Interest	X	X Interest	Other M2 ³	Other M2 Interest	Other*	TOTAL
Indirect and/or Overhead	1	\$ 3,497,562	\$ 170,283	\$ -	\$ -	\$ -	\$ -	\$ 294,091	\$ 26,659	\$ -	\$ -	\$ -	\$ -	\$ 416,164	\$ 4,404,758
Construction & Right-of-Way															
New Street Construction	2	\$ -	\$ 46,203,269	\$ 1,558,879		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,502,262	\$ 51,264,410
Street Reconstruction	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,342,552	\$ 1,550,497
Signals, Safety Devices, & Street Lights	4	\$ 616,804	\$ 2,218,497	\$ -	\$ -	\$ 574,708	\$ -	\$ 850,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,090,507	\$ 5,350,566
Pedestrian Ways & Bikepaths	5	\$ -	\$ 4,255,263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,255,263
Storm Drains	6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storm Damage	7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Construction ¹	8	\$ 616,804	\$ 52,677,029	\$ 1,558,879	\$ -	\$ 574,708	\$ -	\$ 1,057,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,935,321	\$ 62,420,736
Right of Way Acquisition	9	\$ -	\$ 222,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,703.93	\$ 262,911
Total Construction & Right-of-Way	10	\$ 616,804	\$ 52,899,236	\$ 1,558,879	\$ -	\$ 574,708	\$ -	\$ 1,057,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,976,025	\$ 62,683,647
Maintenance															
Patching	11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overlay & Sealing	12	\$ 6,087,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,760,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,690,707	\$ 11,538,789
Street Lights & Traffic Signals	13	\$ 2,464,878.37	\$ 4,328,292	\$ -	\$ -	\$ 146,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,153	\$ 6,973,502
Storm Damage	14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Street Purpose Maintenance	15	\$ 6,417,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,295,579	\$ 9,713,014
Total Maintenance ¹	16	\$ 14,970,145	\$ 4,328,292	\$ -	\$ -	\$ 146,179	\$ -	\$ 3,760,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,020,439	\$ 28,225,305
Other	17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 818,276	\$ -	\$ 170,739	\$ -	\$ -	\$ 989,015
GRAND TOTALS (Sum Lines 1, 10, 16, 17)	18	\$ 19,084,511	\$ 57,397,811	\$ 1,558,879	\$ -	\$ 720,887	\$ -	\$ 5,112,335	\$ 26,659	\$ 818,276	\$ -	\$ 170,739	\$ -	\$ 11,412,628	\$ 96,302,725

¹ Includes direct charges for staff time
² Local funds used to satisfy maintenance of effort (MOE) requirements
³ Other M2 includes A-M, R,S,T,U,V, and W
+ Transportation related only
* total \$11,412,628 are projects or street-related special funds' expenditures funded with non-M2 funding such as contributions, donations, gas tax, federal, state, and local street-related rehabilitation funds.

Legend	
Project	Description
A-M	Freeway Environmental Mitigation
O	Regional Capacity Program (RCP)
P	Regional Traffic Signal Synchronization Program (RTSSP)
Q	Local Fair Share
R	High Frequency Metrolink Service
S	Transit Extensions to Metrolink
T	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems
U	Senior Mobility Program or Senior Non-Emergency Medical Program
V	Community Based Transit/Circulators
W	Safe Transit Stops
X	Environmental Cleanup Program (Water Quality)


M2 Expenditure Report
Fiscal Year Ended June 30, 2018

I certify that the interest earned on Net Revenues allocated pursuant to the Ordinance shall be expended only for those purposes for which the Net Revenues were allocated and all the information attached herein is true and accurate to the best of my knowledge:

Kristin Griffith

11/7/2018

Director of Finance (Print Name)

Date

Signature

1.5



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: ANNUAL DEVELOPMENT IMPACT FEE REPORT FOR FISCAL YEAR 2017-18

Director of Administrative Services

City Manager

RECOMMENDED ACTION

Receive and file.

EXECUTIVE SUMMARY

California Government Code Section 66006 requires an annual accounting of developer impact fees be made available to the public within 180 days of the City's fiscal year end and the information must be presented to the City Council at least 15 days after it is made available to the public. In adopting this statute, the Legislature found the timely and proper allocation of development fees promotes economic growth and is a matter of statewide interest and concern. The attached annual Assembly Bill 1600 Development Fee Report (Report) fulfills this purpose.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not Applicable.

ANALYSIS

Following the passage of Proposition 13 in 1978, many cities began charging fees on new development to fund public improvements and services such as streets, public utilities, and traffic signals. These fees are commonly known as development impact fees. To ensure these fees were spent in a timely manner and on projects for which they were being collected, the State Legislature passed Assembly Bill 1600, known as the Mitigation Fee Act. This bill applies to developer fees imposed or increased on or after January 1, 1989.

In accordance with Government Code Sections 66001 and 66006, the City is required to publish an annual report (Attachment) for each fund established to account for development impact fees. The report must include: (a) brief description of the fee

program; (b) a fee schedule; (c) beginning and ending balances of the fee program; (d) the amount of fees collected and interest earned; (e) identification of each public improvement on which fees were expended and the amount expended; (f) an estimated date construction will commence; (g) descriptions of any interfund loans and transfers; and (h) the amount of any refunds. The report was filed with the City Clerk's office for public viewing on November 9, 2018.

The City collects three development impact fees: the Irvine Business Complex Transportation Mitigation Fee, the Irvine Business Complex Neighborhood Infrastructure Fee, and fees for the North Irvine Transportation Mitigation Program. The purpose of these fees is described in the Report. The fees are collected prior to the issuance of building permits for new residential and commercial construction. The impact fees are established by City Council resolution and are deposited into the designated impact fee fund.

ALTERNATIVES CONSIDERED

None. The publication of the annual Report is required under California Government Code Section 66006. As long as the City maintains these fees, the annual Report will be required.

FINANCIAL IMPACT

Fiscal Year 2017-18 development fee expenditures totaled \$816,573 and were used for improvements at the Jamboree/Main and Jamboree/Barranca intersections, sidewalk improvements in the Irvine Business Complex, improvements at Jeffrey and Walnut Avenue, Jeffrey and Alton Parkway, Jeffrey and Irvine Center Drive and Culver and University Drive.

REPORT PREPARED BY: Amy Roblyer, Senior Management Analyst

ATTACHMENT: Assembly Bill 1600 Development Fee Report

City of Irvine
Assembly Bill 1600 Development Fee Report
Fiscal Year 2017-2018

Government Code Section 66006 requires local agencies that collect development impact fees to submit an annual notice detailing the status of those fees within 180 days after the last day of the fiscal year. The annual report must be made available to the public and then presented to the public agency (City Council) at least 15 days after it is made available to the public.

The following is the annual report for the City's development impact fees.

1. Provide a brief description of the type of fee in the account or fund.

a) Irvine Business Complex (IBC) Fund:

(1) Transportation Mitigation fees are used to provide partial funding for the implementation of area-wide circulation improvements within the IBC area. The improvements are required due to potential circulation impacts associated with build-out of the IBC area.

(2) Neighborhood Infrastructure fees are used to provide partial funding for improvements and enhancements to IBC infrastructure and services to implement a residential neighborhood framework in the IBC.

b) The North Irvine Transportation Mitigation (NITM) Program was established to provide funding for the coordinated and phased installation of required traffic and transportation improvements required under CEQA documents previously certified or adopted by the City in connection with the land use entitlements for City Planning Areas 1, 2, 5, 6, 8, 9, 30, 40 and 51.

2. List the amount of the fee.

a) Irvine Business Complex Transportation Mitigation Fee was established by Zoning Ordinance Section 9-36-14

Rates effective July 1, 2017:

Land Use	Fee
Office	\$7.01 per square foot
Manufacturing	\$1.94 per square foot
Mini Warehouse	\$1.25 per square foot
Commercial	\$7.01 per square foot
Hotel	\$3,131 per room
Extended Stay Hotel	\$1,933 per room
Residential	\$2,395 per dwelling unit

ATTACHMENT

- b) IBC Neighborhood Infrastructure Fee Program was established by Zoning Ordinance Section 9-36-15

Rates effective July 1, 2017:

Land Use	Fee
Rental - On-Site Affordable Housing	\$6,150 per unit
Rental - Affordable Housing Menu Option	\$7,995 per unit
For Sale - On-Site Affordable Housing	\$14,145 per unit
For Sale - Affordable Housing Menu Option	\$15,990 per unit

- c) North Irvine Transportation Mitigation Program Fee was established by Municipal Code Section 6-3-701 et seq.

Rates effective July 1, 2017:

City Planning Area	Fee
Planning Area 40	\$58,346,799
Great Park I	\$86,407,479
Great Park II	\$30,442,579
Great Park III	\$11,451,564
Great Park IV	\$2,896,519

3. List the beginning and ending balance of the account or fund.

IBC Transportation	
Beginning Balance as of 7/1/17	\$60,632,322
Ending Balance as of 6/30/18	\$63,969,391
IBC Neighborhood	
Beginning Balance as of 7/1/17	\$22,668,479
Ending Balance as of 6/30/18	\$26,802,554
NITM Fee	
Beginning Balance as of 7/1/17	\$101,404,414
Ending Balance as of 6/30/18	\$104,159,015

4. List the amount of fees collected and the interest earned.

For fiscal year 2017-18:	Fees Collected	Interest Earned
IBC Transportation Mitigation Fee	\$3,188,381	\$163,032
IBC Neighborhood Infrastructure Fee	\$4,381,260	\$38,508
NITM Fee	\$2,984,913	\$204,474

5. Provide an identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with the fees.

Public Improvement	Expenditure 2017-18	Percent Funded by Fee
IBC Transportation		
311205 Jamboree/Main Intersection	\$93,730	99%
311206 Jamboree/Barranca Intersection	\$16,371	92%
IBC Neighborhood		
311402 IBC Sidewalk Improvement	\$285,693	99%
NITM Fee		
311406 Jeffrey/Alton Inter Improvement	\$7,088	100%
311611 Jeffrey/Irvine Ctr Dr Improvements	\$200,463	100%
314240 Jeffrey & Walnut	\$67,160	100%
318030 Culver & University Drive	\$146,068	100%

6. Provide an identification of an approximate date by which the construction of the public improvements will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in the City's master plans, and the public improvement remains incomplete.

Projects in both the IBC and NITM programs are ongoing in accordance with the City's approved Strategic Business Plan.

7. Provide a description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.

IBC Transportation Mitigation Fee: None

IBC Neighborhood Infrastructure Fee: None

NITM Fee: None

- 8. Provide the amount of any refunds made from surplus fees and the amount of any allocations made pursuant to subdivision (f) of Section 66001. Subdivision (f) of Section 66001 requires reallocation of surplus fees where the administrative costs of refunding the fees exceed the amount to be refunded.**

IBC Transportation Mitigation Fee: None

IBC Neighborhood Infrastructure Fee: None

NITM Fee: None

1.6



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Director of Administrative Services

City Manager

RECOMMENDED ACTION

Receive and file.

EXECUTIVE SUMMARY

The City's independent auditors, White Nelson Diehl Evans, LLP, have completed the Air Quality Improvement Special Revenue Fund audit for the fiscal year ended June 30, 2018 (Attachment). The audit report is unmodified, meaning the financial statements were considered to have been presented fairly, and enables the City to continue receiving the motor vehicle fee revenue through the South Coast Air Quality Management District.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

On November 5, 2018, with all members present, the Finance Commission voted 5-0 to recommend City Council receive and file the Air Quality Improvement Special Revenue Fund Audit.

ANALYSIS

Under the provisions of Assembly Bill 2766, 40 percent of the South Coast Air Quality Management District (SCAQMD) motor vehicle fees are allocated to the cities and counties within the SCAQMD proportionately, based on population. Expenditures of these funds must be used to reduce air pollution from motor vehicles or for related activities necessary for the implementation of the California Clean Air Act of 1988.

On July 1, 2017, this fund had a beginning fund balance of \$627,906, and during the year, \$343,182 in SCAQMD motor vehicle fees was received. Program costs totaling \$522,890 were comprised of \$20,171 in administration and \$502,719 in qualifying expenditures for infrastructure improvement encouraging alternative modes of transportation, increased security efforts at the Irvine Station, vehicle conversions to Compressed Natural Gas (CNG) and bus stop amenities as part of the City's ongoing

commitment to improve and encourage the traveling public to seek alternative modes of transportation.

The City continues its effort to reduce its carbon footprint on the environment, at June 30, 2018, expenditures exceeded revenue by \$177,398 reducing the City's available AQMD fund balance to \$450,508.

The SCAQMD funds are an important resource for the City to fund projects that help reduce air pollution from motor vehicles and related activities necessary for the implementation of the California Clean Air Act of 1988. This unmodified audit report allows the City to continue receiving the motor vehicle fee revenue through the SCAQMD.

ALTERNATIVES CONSIDERED

No alternatives were considered, as Health and Safety Code Section 44244.1 requires an audit by an independent auditor.

FINANCIAL IMPACT

The audit results will allow the City to continue receiving SCAQMD motor vehicle fees. The cost of the audit, \$1,495, is included in the program's budget.

REPORT PREPARED BY Teri Washle, Finance Officer

ATTACHMENT Air Quality Improvement Special Revenue Fund
Financial Statements for the Fiscal Year Ended June
30, 2018

**CITY OF IRVINE, CALIFORNIA
AIR QUALITY IMPROVEMENT
SPECIAL REVENUE FUND**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

ATTACHMENT

CITY OF IRVINE, CALIFORNIA
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

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For the year ended June 30, 2018

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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 Air Quality Improvement Special Revenue Fund of the City of Irvine, California (the City), as of and for the year ended June 30, 2018, 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 an opinion 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. 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 Air Quality Improvement Special Reserve Fund of 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 Air Quality Improvement Special Reserve Fund 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Air Quality Improvement Special Revenue Fund of the City, as of June 30, 2018, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Air Quality Improvement Special Revenue Fund and do not purport, to and do not, present fairly the financial position of the City as of June 30, 2018, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2018, on our consideration of the Air Quality Improvement Special Revenue Fund'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 Dick Evans LLP

Irvine, California
October 29, 2018

CITY OF IRVINE
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

BALANCE SHEET

June 30, 2018

ASSETS:

Cash and investments	\$ 391,828
Interest receivable	733
Due from other governments	<u>87,932</u>

TOTAL ASSETS	<u>\$ 480,493</u>
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LIABILITIES:

Accounts payable	<u>\$ 29,985</u>
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TOTAL LIABILITIES	<u>29,985</u>
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FUND BALANCE:

Restricted for air pollution reduction	<u>450,508</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 480,493</u>
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See accompanying notes to financial statements.

CITY OF IRVINE
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

For the year ended June 30, 2018

REVENUES:

Motor vehicle fees	\$ 343,182
Investment income	<u>2,310</u>

TOTAL REVENUES	<u>345,492</u>
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EXPENDITURES:

Direct program	<u>522,890</u>
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TOTAL EXPENDITURES	<u>522,890</u>
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DEFICIENCY OF REVENUES
UNDER EXPENDITURES

(177,398)

FUND BALANCE:

Balance at June 30, 2017	<u>627,906</u>
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Balance at June 30, 2018	<u><u>\$ 450,508</u></u>
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See accompanying notes to financial statements.

CITY OF IRVINE
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements present only the Air Quality Improvement Special Revenue Fund (the AQMD) 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.

Basis of Accounting

The accompanying financial statements for the AQMD of the City, 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 motor vehicle fees and interest earnings on investments received within 60 days of year-end. Expenditures are recognized when the fund liability is incurred, if measurable.

Measurement Focus

The AQMD is accounted for on a spending or financial flow measurement focus. This means that generally only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance for the AQMD generally presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Air Quality Improvement Special Revenue Fund

California Assembly Bill 2766 authorizes air pollution control districts to levy fees on motor vehicles. Fees are to be used to reduce air pollution. Under this program, the Department of Motor Vehicles collects the fees and subvenes the amounts to the South Coast Air Quality Management District (SCAQMD) for vehicles registered in the South Coast District. Forty cents of every dollar subvened to SCAQMD is proportionately allocated to the cities and counties in the South Coast District based upon population. The amounts attributable to the City, are maintained in the City's AQMD.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF IRVINE
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2018

2. CASH AND INVESTMENTS

The AQMD cash balance is pooled with various other City funds for deposit and investment purposes. Each fund's share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e., credit, interest rate, custodial, etc.), and other disclosures associated with the City's pooled cash and investments is included in the City's basic financial statements, which are available at City Hall.

3. FUND BALANCE

The entire fund balance of the AQMD is classified as restricted fund balance since the external resource provider, SCAQMD, requires that the motor vehicle fees be used only to reduce air pollution.

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 City of Irvine, California (the City), including the Air Quality Improvement Special Revenue Fund (the AQMD), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the AQMD's basic financial statements, and have issued our report thereon dated October 29, 2018.

Internal Control over Financial Reporting

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

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the AQMD's financial statements are free from material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Assembly Bill 2766 Chapter 1705 (Health and Safety Code Sections 44220 through 44247), noncompliance with which could have a direct and material effect on the determination of the AQMD's 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*.

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 AQMD. 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 AQMD. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "White Nelson Diehl Evans LLP".

Irvine, California
October 29, 2018

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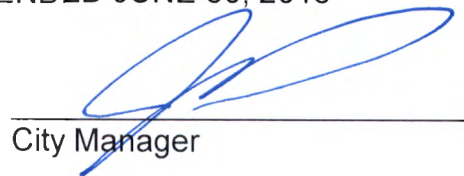


REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: SINGLE AUDIT OF FEDERALLY ASSISTED GRANT PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018


Director of Administrative Services


City Manager

RECOMMENDED ACTION

Receive and file.

EXECUTIVE SUMMARY

A Single Audit of Federally Assisted Grant Programs (Single Audit) is required in accordance with the provisions of Title 2 U.S. Code of Federal Regulation Part 200, (Uniform Guidance). The City of Irvine's independent auditors, White Nelson Diehl Evans, LLP, have completed the Single Audit for the fiscal year ended June 30, 2018. In the auditor's opinion, the City has complied in all material respects with the compliance requirements that could have a direct and material effect on each of the City's major federal programs. There were no audit findings related to the expenditure of federal funds. The auditor's opinion allows the City to continue receiving federal funds.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

On November 5, 2018, with all members present, the Finance Commission voted 5-0 to recommend City Council receive and file the Single Audit of Federally Assisted Grant Programs for the Fiscal Year Ended June 30, 2018.

ANALYSIS

Pursuant to the Uniform Guidance, non-federal entities that expend \$750,000 or more a year in federal awards shall have a single audit conducted for that year. A single audit is intended to provide a cost-effective audit for non-federal entities by conducting one audit in lieu of multiple audits of individual programs.

The Single Audit was performed in accordance with the provisions of the Uniform Guidance. The Single Audit for the fiscal year ended June 30, 2018 (Attachment) includes reports 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.
- Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and the Schedule of Expenditures of Federal and Selected State Awards.
- Schedule of Expenditures of Federal and Selected State Awards.
- Schedule of Findings and Questioned Costs.

The reports encompass all expenditures of federal awards received directly from federal agencies, as well as awards passed through other government agencies. The auditors have opined that the City is in compliance with the requirements described in the Uniform Guidance that could have a direct and material effect on each of the City's major federal programs for fiscal year 2017-18. The City's major program reviewed this year was the United States Department of Housing and Urban Development, Community Development Block Grant.

The auditors examined the City's expenditures of \$3,149,443 in federal funding awards for the fiscal year ended June 30, 2018. These expenditures are summarized in the Schedule of Expenditures of Federal Awards. Expenditures of federal awards were as follows:

<u>Federal Awards – U.S. Department of:</u>	<u>Amount</u>
Housing and Urban Development	\$ 1,513,270
Justice	295,960
Transportation	779,786
Health and Human Services	361,136
Homeland Security	<u>199,291</u>
 Total Expenditures of Federal Awards	 <u>\$ 3,149,443</u>

The U.S. Department of Housing and Urban Development provides funding for public service programs and eligible affordable housing activities throughout the community. The City receives equitable sharing payments through the Asset Forfeiture program from the U.S. Department of Justice to be expended for law enforcement purposes. In fiscal year 2017-18, the funds were expended on public safety vehicles, supplies, and training. The U.S. Department of Transportation funds support both roadway construction projects and traffic enforcement programs. The City's Nutrition Program for the Elderly is supplemented by the funding received from the U.S. Department of Health and Human Services. Homeland Security reimbursed the City for the winter storm damage that occurred in January 2017.

The auditors also examined pass-through funding from the California Department of Aging as required by the City's agreement with the County of Orange Area Agency on

Aging. Expenditures for these programs totaled \$29,888, one program the CSA Senior Services Title III C-1 Nutrition Services for Congregate Meals expended \$14,404 and the other program CSA Senior Services Title III C-2 Nutrition Services for Home Delivered Meals expended \$15,484.

ALTERNATIVES CONSIDERED

The Single Audit is required in accordance with the provisions of the Federal Government's Office of Management and Budget, therefore no alternatives were considered.

FINANCIAL IMPACT

The audit results will allow the City to continue receiving federal funds. The cost of the audit, \$4,910, is included in the budgets of the programs receiving the federal funds.

REPORT PREPARED BY Teri Washle, Finance Officer

ATTACHMENT Single Audit Report for the Fiscal Year Ended June 30, 2018

**CITY OF IRVINE
IRVINE, CALIFORNIA**

**SINGLE AUDIT OF FEDERAL
AND SELECTED STATE
ASSISTED GRANT PROGRAMS**

FOR THE YEAR ENDED JUNE 30, 2018

ATTACHMENT

CITY OF IRVINE

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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 the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Irvine (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 29, 2018. Our report includes a reference to other auditors who audited the financial statements of the Irvine Community Land Trust, the discretely presented component unit of the City, as described in our report on the City's financial statements. We conducted our audit in accordance with the 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. The financial statements of the Irvine Community Land Trust, the discretely presented component unit of the City, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Irvine Community Land Trust.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. 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.

Internal Control over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, 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 matter that are required to be reported under *Government Auditing Standards*.

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. 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. Accordingly, this communication is not suitable for any other purpose.

White Nelson Diehl Evans LLP

Irvine, California
October 29, 2018

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS

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

Report on Compliance for Each Major Federal Program

We have audited the City of Irvine's (the City) compliance with the types of compliance requirements described in the Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and Selected State Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 29, 2018, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the Irvine Community Land Trust, the discretely presented component unit of the City, as described in our report. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and selected state awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and selected state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

White Nelson Dickel Evans LLP

Irvine, California
October 29, 2018

**SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS
AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

CITY OF IRVINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS

For the year ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<u>US Department of Housing and Urban Development:</u>				
Direct Assistance:				
Community Development Block Grant	14.218	B14-MC-06-0557	\$ 15,141	\$ -
		B15-MC-06-0557	5,603	-
		B16-MC-06-0557	476,367	203,787
		B17-MC-06-0557	601,574	-
		Program Income	158,324	-
Total Community Development Block Grant			<u>1,257,009</u>	<u>203,787</u>
HOME Investment Partnership Program	14.239	M-15-MC-06-0561	13,920	-
		M-16-MC-06-0561	191,018	-
		M-17-MC-06-0561	51,023	-
		Program Income	300	-
Total HOME Investment Partnership Program			<u>256,261</u>	<u>-</u>
Total US Department of Housing and Urban Development			<u>1,513,270</u>	<u>203,787</u>
<u>US Department of Justice:</u>				
Direct Assistance:				
Equitable Sharing Program - Asset Forfeiture	16.922	CA0302600	<u>295,960</u>	<u>-</u>
Total US Department of Justice			<u>295,960</u>	<u>-</u>
<u>US Department of Transportation:</u>				
Passed Through the California State Department of Transportation:				
Highway Planning and Construction	20.205	HSIPL-5410(082)	364,259	-
Passed Through the Orange County Transit Authority:				
Highway Planning and Construction	20.205	CML-5410(079)	58,986	-
		CML-5410(084)	9,840	-
Total Highway Planning and Construction			<u>433,085</u>	<u>-</u>
Passed Through the State of California Office of Traffic Safety:				
Selective Traffic Enforcement Program	20.600	PT18061	77,704	-
		PT1757	16,575	-
Total Selective Traffic Enforcement Program			<u>94,279</u>	<u>-</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT18061	225,688	-
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated		PT1757	<u>26,734</u>	<u>-</u>
			<u>252,422</u>	<u>-</u>
Total US Department of Transportation			<u>779,786</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal and selected state awards.

CITY OF IRVINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS
(CONTINUED)

For the year ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<u>US Department of Health and Human Services:</u>				
Aging Cluster Passed Through the County of Orange Area Agency on Aging:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	AP-1011-22	\$ 53,158	\$ -
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	AP-1011-22	248,690	-
Nutrition Services Incentive Program	93.053	AP-1011-22	59,288	-
Total Aging Cluster/US Department of Health and Human Services			361,136	-
<u>US Department of Homeland Security:</u>				
Passed Through the California Governor's Office of Emergency Services:				
Public Assistance Grants	97.036	FEMA-4305-DR-CA	199,291	-
Total US Department of Homeland Security			199,291	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,149,443	\$ 203,787
<u>Selected State Awards:</u>				
California Department of Aging:				
Passed Through the County of Orange:				
CSA Senior Services Title III C-1 Nutrition Services - Congregate	N/A	AP-1011-22	\$ 14,404	\$ -
CSA Senior Services Title III C-2 Nutrition Services - Home Delivered Meals	N/A	AP-1011-22	\$ 15,484	\$ -

See accompanying notes to schedule of expenditures of federal and selected state awards.

CITY OF IRVINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS

For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS

A. Scope of Presentation

The accompanying schedule of expenditures of federal and selected state awards presents the expenditures incurred by the City of Irvine (the City), that are reimbursable under programs of federal agencies providing federal awards. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a nonfederal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized, or the portion of the program expenditures that was funded with other state, local, or other nonfederal funds, are excluded from the accompanying schedule, except for certain program expenditures for selected state awards requested to be reported by the California Department of Aging in conjunction with certain related federal grant programs.

B. Basis of Accounting

The accompanying schedule of expenditures of federal and selected state awards is presented using the modified accrual basis of accounting for governmental funds, which is described in Note 1 of the City's notes to the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. Relationship to Comprehensive Annual Financial Report

Amounts reported in the accompanying schedule of expenditures of federal and selected state awards agree to amounts reported within the City's Comprehensive Annual Financial Report.

D. Relationship to Federal Financial Report

Amounts reported in the accompanying schedule of expenditures of federal and selected state awards agree with amounts reported in federal financial reports.

E. Contingencies

Under the terms of federal and state grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

F. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF IRVINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2018

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:

- Unmodified

Internal control over financial reporting:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted: ☐ yes ☒ no

Federal Awards:

Internal control over major programs:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency identified? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs:

- Unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR Section 200.516(a)? ☐ yes ☒ no

Identification of major programs:

CFDA Number

14.218

Name of Federal Program or Cluster

US Department of Housing and Urban Development -
Community Development Block Grant

16.922

U.S. Department of Justice –
Equitable Sharing Program – Asset Forfeiture

Dollar threshold used to distinguish
between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

CITY OF IRVINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

For the year ended June 30, 2018

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARDS PROGRAMS

None noted.

CITY OF IRVINE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

MATERIAL WEAKNESS

Finding Number 2017-001

Condition

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.

Recommendation

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.

Current Status

No similar finding was noted during the current year audit. This matter was resolved.

SIGNIFICANT DEFICIENCIES

Finding Number 2017-002

Condition

The City had certain capital improvement projects where construction was completed and the projects were placed in service; however, the asset value had not been transferred from the capital asset classification "Construction in Progress" (CIP) to the appropriate capital asset category (e.g., infrastructure, improvements). As a result, depreciation had not yet been computed on these capital assets.

Recommendation

We recommend that during the year, the City departments, which are responsible for overseeing the CIP projects, review the status of these projects and determine when a CIP project is substantially complete and has been placed in service, and promptly notify the Fiscal Services Division of this fact to ensure accurate financial reporting and proper accounting for completed capital projects.

CITY OF IRVINE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)

SIGNIFICANT DEFICIENCIES (CONTINUED)

Finding Number 2017-002 (Continued)

Current Status

No similar finding was noted during the current year audit. This matter was resolved.

Finding Number 2017-003

Condition

The City had two current-year additions to the capital asset classification, Land, which should have been recorded in prior years. These two additions represented the second and third installments related 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.

Recommendation

We recommend that the City departments that are responsible for monitoring activity related to multiyear agreements affecting City assets and obligations, such as the one identified above, improve communications with the Fiscal Services Division to ensure the timely and accurate recording of events involving the multiyear agreements.

Current Status

No similar finding was noted during the current year audit. This matter was resolved.

FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARDS PROGRAMS

There were no prior audit findings relative to the federal programs to report.

1.8




REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE
FISCAL YEAR ENDED JUNE 30, 2018 AND AUDITORS'
COMMUNICATION



Director of Administrative Services



City Manager

RECOMMENDED ACTION

Receive and file.

EXECUTIVE SUMMARY

Per the City of Irvine's Charter, Article X, Section 1008, a certified audit and report shall be submitted to the City Council. The City's independent audit firm, White Nelson Diehl Evans, LLP, audited the financial statements for the fiscal year ended June 30, 2018. In the auditor's opinion, the City's financial statements fairly present the financial position of the City, meaning the financial statements are materially correct in presenting the City's financial condition and operating results and conform to generally accepted accounting principles.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

On November 5, 2018, with all members present, the Finance Commission voted 5-0 to recommend City Council receive and file the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018 and Auditors' Communication.

ANALYSIS

The City's Comprehensive Annual Financial Report (Attachment 1) includes the financial activities of all City funds. The Comprehensive Annual Financial Report (CAFR) is prepared in accordance with standards established by the Governmental Accounting Standards Board, with the independent audit of the financial statements conducted in accordance with Government Auditing Standards.

Following the close of each fiscal year, the City's contracted independent audit firm conducts an audit of the City's financial records. As part of the year-end process and audit, City staff prepares the CAFR.

The CAFR displays the City's financial information and related information in the following sections:

- The Introductory Section includes the City's Transmittal Letter, award received for financial reporting, list of City Officials, and organizational chart. The Transmittal Letter introduces the basic financial statements and provides a community profile and its economic condition, and the City's continuing initiatives and long-term strategic goals.
- The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis, the Basic Financial Statements, and Notes to the Basic Financial Statements. The Management's Discussion and Analysis provides summary financial information and analysis in narrative form. The Basic Financial Statements report the City's financial position in two approaches: government-wide financial statements and fund-based financial statements. The government-wide financial statements provide a broad overview of the City's finances, in a manner similar to a private-sector business, and the fund-based financial statements demonstrate fiscal accountability, focusing on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The Notes to the Basic Financial Statements provide additional information to the Basic Financial Statements.
- The Supplemental Schedules presents financial information contained in Other Special Revenue Funds, Other Debt Service Funds, Other Capital Projects Funds, and Permanent Funds.
- The Statistical Section presents information organized around five specific objectives: financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

For reporting purposes in the CAFR, the General Fund is a combination of the following funds: General Fund, Asset Management Plan, Compensated Absences, Development Services, Contingency Reserve, Educational Partnership, Revenue Clearing, Infrastructure and Rehabilitation Reserve, OCFA, Innovation, Building & Safety, and Development Engineering. The General Fund Combining Schedule of Changes in Fund Balance (Attachment 2) lists these individual fund components identified as General Fund activity, as reported in the CAFR.

The Auditor's Communication Letter (Attachment 3) is the formal communication from the auditor to the governing board required by Government Auditing Standards. The standards require the auditor to communicate information related to the audit concerning qualitative aspects of accounting practices, difficulties encountered in performing the audit, corrected and uncorrected misstatements, disagreements with management,

management representations, management consultations with other independent accountants, and other audit findings or issues. No issues were noted in the report.

The CAFR will be available on the City's web site after the City Council receives and files the report. In addition, the CAFR is submitted to the Government Finance Officers Association's award program. The goal of this program is to promote the highest standards in governmental accounting and financial reporting. The City has received 38 consecutive awards for excellence in financial reporting. City staff believes the current report continues to exceed financial reporting standards.

ALTERNATIVES CONSIDERED

No alternatives were considered as an annual audit is required by an independent Certified Public Accountant firm per Article X, Section 1008 of the City's Charter.

FINANCIAL IMPACT

The cost of this year's independent financial audit is \$38,955 and is funded from the operating budget of the Fiscal Services division.

REPORT PREPARED BY Teri Washle, Finance Officer

ATTACHMENTS

1. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018
2. General Fund Combining Schedule of Changes in Fund Balance
3. Audit Communication Letter
4. Report on Internal Control Over Financial Reporting

CITY OF IRVINE, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR FISCAL YEAR ENDED
JUNE 30, 2018





City of Irvine

Incorporation:	December 28, 1971
Population:	276,176
Size:	66 square miles
Sphere of Influence:	74 square miles (approx.)



City of Irvine
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018



Prepared by Fiscal Services



City of Irvine
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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City of Irvine
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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City of Irvine

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

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City of Irvine
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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November 5, 2018

To the Honorable Mayor, Councilmembers and Residents of the City of Irvine:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Irvine (City) for the fiscal year ended June 30, 2018. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report contains management's representations concerning the City's finances. Management assumes full responsibility for the completeness and reliability of all of the information presented and that it is reported in a manner that fairly presents the financial position and operations of the various funds and component units of the City. To provide a reasonable basis for making these representations, and assurance that the financial statements will be free from material misstatement, City management has established a comprehensive internal control framework designed both to protect its assets and to compile sufficient reliable information to prepare the City's financial statements in conformity with GAAP.

White Nelson Diehl Evans, LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance the City's financial statements for the fiscal year ended June 30, 2018 are free of material misstatement. The independent auditor concluded it was reasonable to render an unmodified opinion and that the City's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. Their report is presented in the beginning of the financial section of this report.

In addition, White Nelson Diehl Evans, LLP audited the City's major program expenditures of federal funds for compliance with Title 2 of the United States Code of Federal Regulations Part 200 (Uniform Guidance), and the standards applicable to financial audits contained in Government Auditing Standards. The report of the Single Audit is published separately from the CAFR and may be obtained upon request from the City's Administrative Services Department.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

CITY OF IRVINE PROFILE

The City, incorporated in 1971, is located in Orange County, California, approximately 40 miles southeast of Los Angeles and six miles from the ocean. As one of the nation's largest master-planned communities, the City encompasses 66 square miles and is the largest city by land area in Orange County. The City includes residential communities, commercial retail centers, several industrial and

office complexes, a 1,500-acre University of California campus, as well as civic, cultural, and recreational facilities. The City's residential population has grown from 10,081 in 1971 to 276,176 in 2018.

The City operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a four-member Council. The City Council is responsible, among other things, for passing the City's ordinances and operating resolutions, adoption of the annual budget, appointing commissions and committees, and hiring the City Manager, City Clerk, City Treasurer, and City Attorney. In November 2014, Measure W was approved amending the Irvine City Charter and setting lifetime term limits for City Council of two four-year terms and the office of mayor for two two-year terms. The City Manager is responsible for implementing the policies, ordinances, and directives of the City Council, overseeing the day-to-day operations of the City, and appointing the assistant city managers and the department directors. The City Council is elected on a nonpartisan basis. Councilmembers are elected to four-year staggered terms and the Mayor is elected to a two-year term.

The City provides a wide range of municipal services with core services consisting of public safety, infrastructure maintenance, community services, financial support of our K-12 public schools, and preservation of the City's aesthetics and beauty. The City is proud of the life-affirming programs and services it provides to the City's youngest, oldest and most vulnerable populations. The City contracts with the Orange County Fire Authority for fire protection and emergency medical aid services. The Orange County Transportation Authority provides transit services in the City alongside the City's TRIPS transportation program. The various independent special districts provide educational, library, water and sewer services to Irvine residents.

The City is financially accountable for a number of legally separate entities that are included as part of the City's financial statements. These component units include a nonprofit public benefit entity, the Orange County Great Park Corporation; a nonprofit corporation, the Irvine Community Land Trust; and two corporate public bodies created by the City for the construction, acquisition, maintenance, and improvements of public facilities and infrastructure within the City: the Irvine Public Facilities and Infrastructure Authority, and the Irvine Public Facilities Corporation.

The annual budget serves as the foundation for the City's financial planning and budgetary control. The City Council is required to adopt a budget by the start of the fiscal year. The budget is prepared by fund, program (e.g. senior services) and department (e.g. Community Services). After adoption, the City Manager may amend the adopted General Fund budget provided that the change does not decrease overall fund balance. Departmental requests for budget amendments for all funds, except the Great Park fund, over \$50,000, or amendments that decrease fund balance, or expand or add to City programs or services require review of the Finance Commission and approval by the City Council. The City's budgetary procedures are further discussed in section II.A. of the notes to the basic financial statements.

ECONOMIC CONDITION

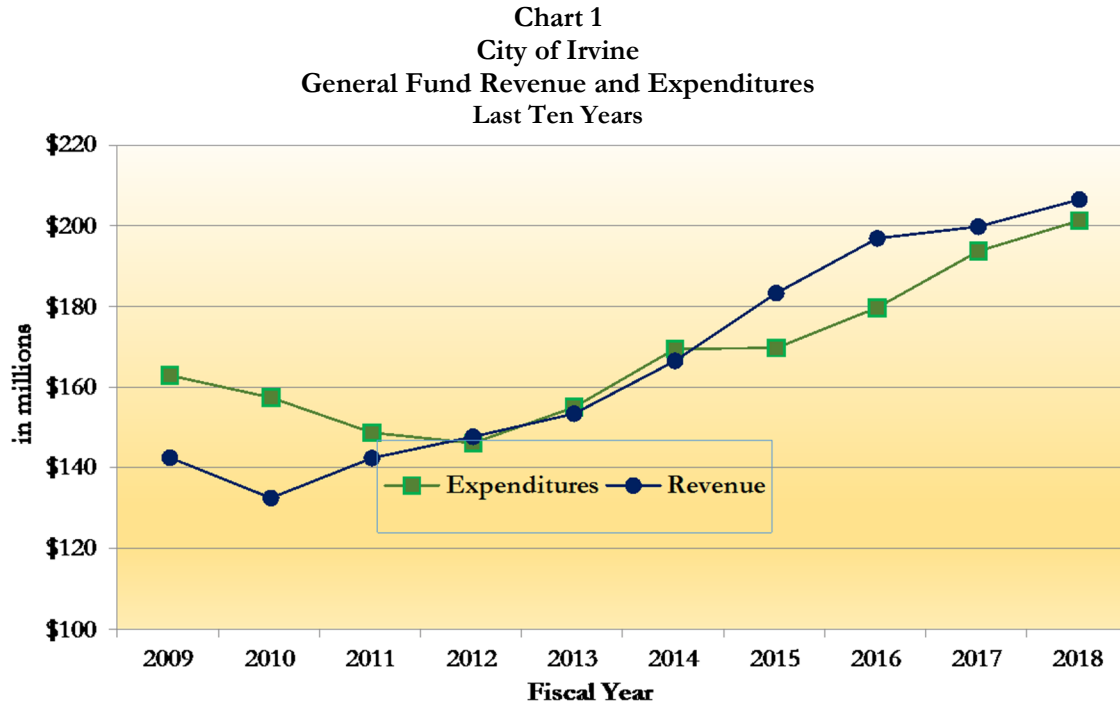
Irvine is renowned as one of the largest, culturally diverse and successful master-planned communities in the nation. Irvine ranked 2nd Best Place to Raise a Family and 27th overall among 300 U.S. cities for Best Real Estate Market both by WalletHub, 15th on Livability.com's list for Top 100 Best Places to Live. The Fiscal Times for the second year in a row ranked Irvine #1 Major City in Fiscal Strength. The Trust for Public Land identified Irvine as having the 10th best park system in the United States and Irvine received the 2017 Award of Excellence for Facility Design from the California Park and

Recreation society for the Quail Hill Community Center. Based on the Federal Bureau of Investigations data for thirteen consecutive years the City has had the lowest per capita violent crime rate in the nation with populations of more than 250,000 residents. Irvine was also listed 10th on the list of 50 Safest College Towns in America by SafeWise.

The economy continues to grow, as economic indicators in Orange County such as employment, consumer confidence, housing starts and new hotels remain positive. The California Economic Development Department reports the Anaheim-Santa Ana-Irvine metropolitan division of Orange County gained 11,000 nonfarm jobs during the fiscal year. The largest year-over-year job increase was in educational, health services and professional business services, while manufacturing and financial activities had the largest declines. The unemployment rate for the County fell from 4.2 percent in August 2017 down to 3.2 percent for August 2018.

Much of the credit for the City's success is attributable to the diverse local economy, talented workforce, mild climate, and outstanding quality of life rendering Irvine an ideal location for business. The City continues to attract well-known technology and bioscience companies that choose Irvine as their corporate headquarters. Over 10,000 acres in the City are available for business uses and it is home to more than 25,000 businesses. Major commercial/industrial centers include: Irvine Business Complex, University Research Park, and the Irvine Spectrum.

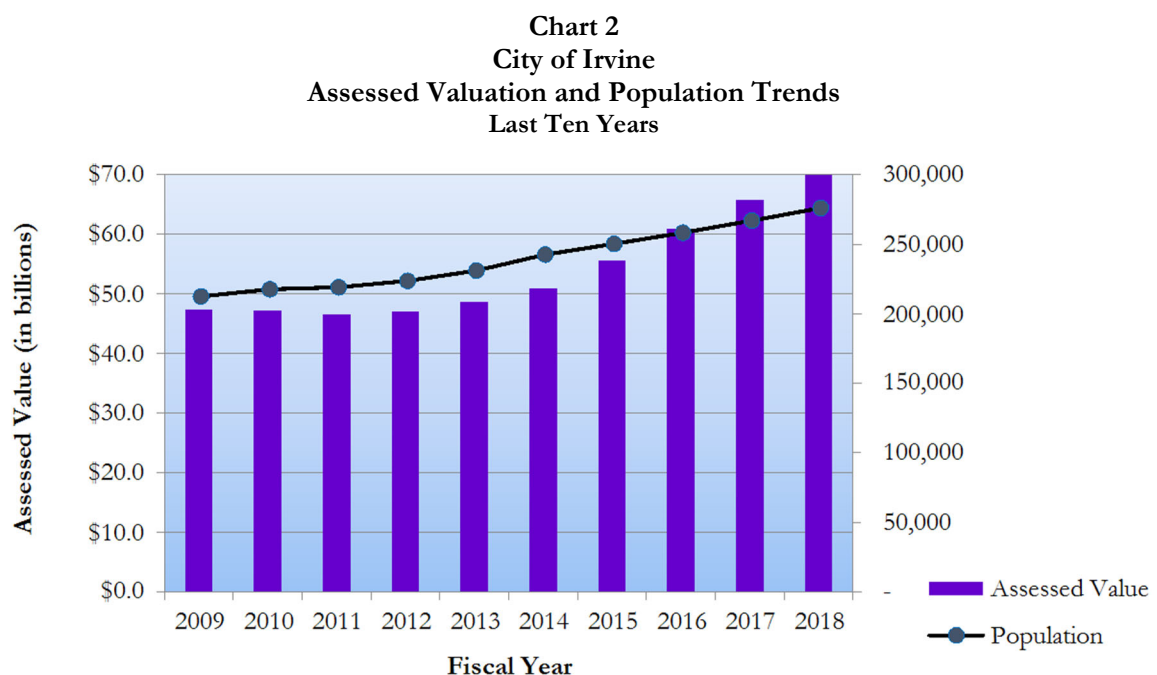
Overall, the City's General Fund revenue for the fiscal year 2017-18 increased 3.4 percent from the prior fiscal year. Expenditures increased by 3.9 percent. Chart 1 displays revenue and expenditure trends for the last 10 years.



The last few years the City has seen significant growth, realizing gains in all economic areas. Recent economic conditions indicate a flattening of the economy with little to no growth projected in some areas next year. Property tax is the City's largest General Fund revenue source with revenues of \$65.0 million, an increase of 9.4 percent over the prior fiscal year. Sales tax is the second largest General Fund revenue source with revenues of \$63.9 million, an increase of 1.3 percent over the prior fiscal

year. In addition, hotel taxes finished 18.9 percent over the prior year due to the addition of three new hotels. In total, General Fund revenues are forecasted to have an increase of 4.4 percent in the 2018-19 fiscal year, with the largest increase expected to come from property and hotel tax revenues.

Since 2004, when the State swapped cities' motor vehicle license fee (VLF) allocations for additional property tax revenue, property taxes continues to become a more significant revenue source. Property tax growth reflects both new development and increasing property values in Irvine. In the fiscal year 2017-18, the City's assessed property value grew 9.3 percent to \$71.9 billion. In June, the Orange County Assessor reported Irvine's assessed property valuation will increase another 9.0 percent for the fiscal year 2018-19, leading the county with an assessed value of \$78.4 billion. Chart 2 compares the total assessed valuation of property located in Irvine against the annual population for the past 10 fiscal years. The City's population has climbed steadily over the last 10 years, surpassing 270,000 in 2018.



Major initiatives. The City effectively utilizes its resources to provide quality services to the community, grow its contingency reserve, and provide financial support to Irvine public schools through the “Support Our Schools Initiative”. The following strategic goals set priorities for City operations.

- Maintain essential services, including public safety, school support, community aesthetics, infrastructure, and human service programs;
- Increase the City's contingency reserve to 25 percent of General Fund adopted operating budget over the next year;
- Expand the police force to maintain the City's high quality public safety services as the City grows;
- Fund infrastructure rehabilitation;
- Develop parks;
- Recruit and retain high quality employees;

- Develop new operational facilities to accommodate population, program, and infrastructure growth;
- Enhance citywide mobility; and
- Reduce the City's unfunded pension liability.

Long-term financial planning. The strategic business plan (SBP) is updated and adopted by the City Council annually as a component of the budget. It evaluates the City's financial capability to achieve its goals, helps set priorities for City operations and the annual budget, and guides the City's capital improvement and rehabilitation program. The SBP establishes the foundation and framework for guiding policy and financial management decisions. This long-term perspective integrates strategic planning and budgeting in order to forecast and identify challenges and opportunities before they arise.

The SBP projects five years into the future to provide a long-term operating budget projection for the City's General Fund revenues and expenditures. The purpose of the operating forecast is to prepare for the upcoming budget year and also to identify long-term financial trends and possible deficit so the budget can be proactively addressed. The SBP also presents the five-year Capital Improvement Project program, the City's investment plan for infrastructure, which guides staff in pursuing funding for future projects.

In June 2013, the Irvine City Council adopted a 10-year plan to reduce its unfunded pension liability. The goal to attain a level of 98 percent pension funding status within 10 years, by making acceleration payment with funds from the City's Asset Management Plan.

Financial policies. At the close of the fiscal year 2014-15, the City Council revised the Contingency Reserve policy upwards from a target level of 20 percent of General Fund adopted operating budget to 25 percent over three years. The minimum reserve of 3 percent remained unchanged. The contingency reserve may be used at the discretion of the City Council to provide resources during temporary decreases in revenues, in the event of an economic downturn while expenditure reductions are implemented, or to provide resources to meet emergency expenditures in the case of flood, fire, earthquake, landslides, or other natural disasters. At June 30, 2018, the contingency reserve balance is \$42.2 million or 22.2 percent of fiscal year 2018-19 General Fund operating budget.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the 39th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published a CAFR that goes beyond the minimum requirement of GAAP and demonstrates the spirit of transparency and full disclosure that ensures users of the financial statements have the necessary information to assess the City's financial health. A Certificate of Achievement is valid for one year only and management believes that the current CAFR continues to meet the program's requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

The City's Budget Office also received the GFOA Distinguished Budget Presentation Award for its fiscal year 2016-17 budget document. The Distinguished Budget Presentation Award judges a government's budget document for compliance with the guidelines established by the National Advisory Council on State and Local Budgeting and best practices of the GFOA.

The CAFR reflects the hard work, talent and commitment of the Fiscal Services Division staff. This document could not have been accomplished without their efforts and we express our appreciation to all members of the division who assisted and contributed to the preparation of the CAFR. Appreciation is also expressed to the Finance Commission, Investment Advisory Committee, and City departments for their support of the financial operations of the City during this fiscal year, and to the Mayor and Councilmembers for their steadfastness in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K. Griffith', with a stylized, cursive script.

Kristin Griffith
Director of Administrative Services





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Irvine
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

IRVINE CITY OFFICIALS

June 30, 2018



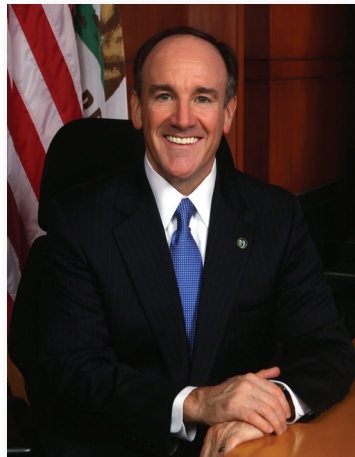
DONALD P. WAGNER
Mayor



CHRISTINA L. SHEA
Mayor Pro Tem



MELISSA FOX
Councilmember



JEFFREY LALLOWAY
Councilmember

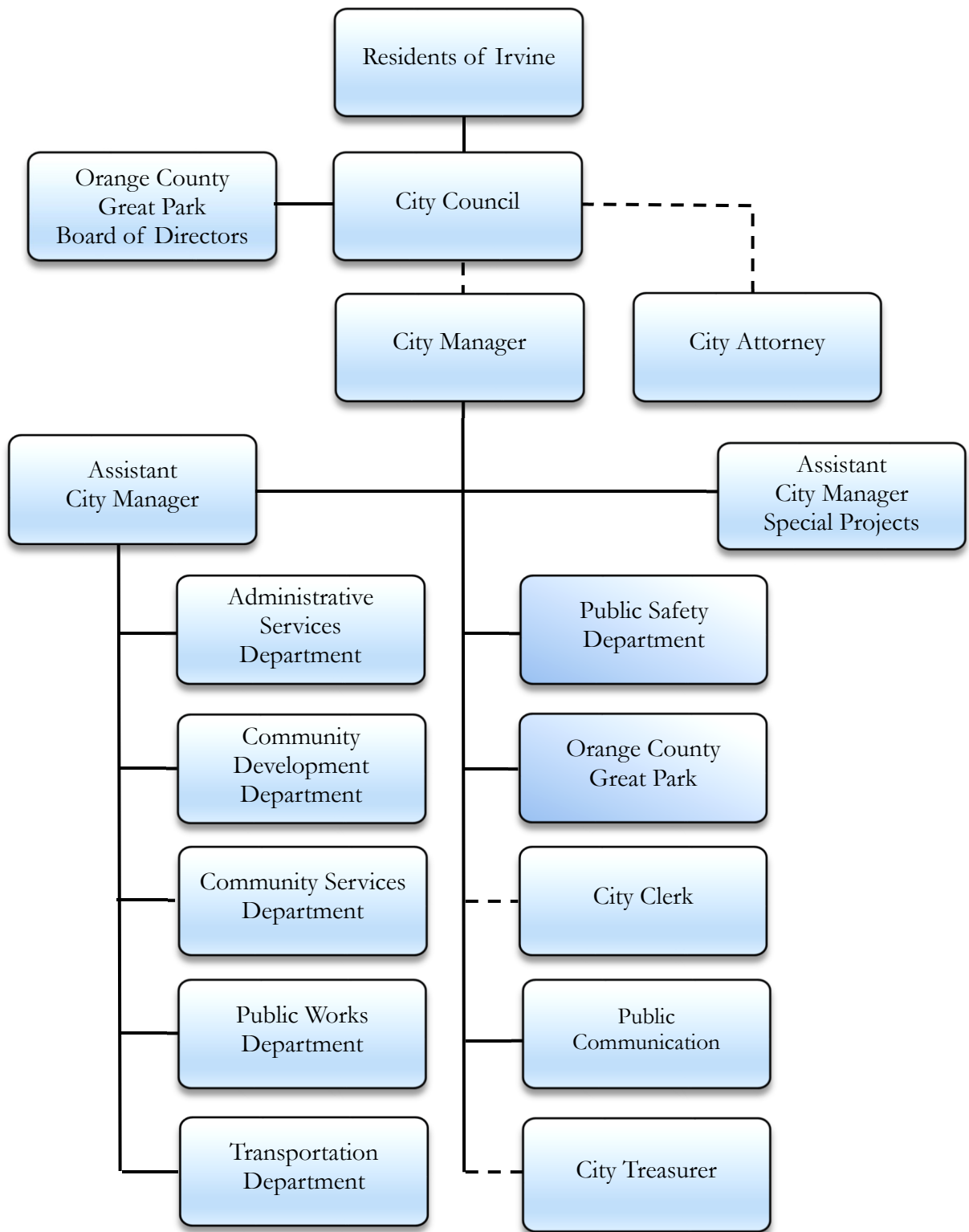


LYNN SCHOTT
Councilmember

Acting City Manager • Grace Leung

Assistant City Manager	Sharon Landers
City Attorney.....	Jeff Melching
City Clerk	Molly McLaughlin
Director of Administrative Services.....	Kristin Griffith
Director of Community Development	Pete Carmichael
Director of Community Services	Laurie Hoffman
Interim Director of Orange County Great Park	Pete Carmichael
Director of Public Affairs & Communications.....	Craig Reem
Director of Public Safety.....	Mike Hamel
Director of Public Works.....	Manuel Gomez
Director of Transportation.....	Mark Linsenmayer

City of Irvine
Organizational Chart
June 30, 2018



Appointed by



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Irvine (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic 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 did not audit the financial statements of the Irvine Community Land Trust, which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Irvine Community Land Trust, is based solely on the report of the other auditors. The financial statements of the Irvine Community Land Trust were not audited in accordance with *Government Auditing Standards*. 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.

Auditors' Responsibility (Continued)

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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Irvine as of June 30, 2018, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Orange County Great Park special revenue fund, and the Local Park Fees special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes I G and IV C to the financial statements, the City adopted Governmental Accounting Standards Board's (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions – An Amendment of GASB Statement No. 45*. The adoption of this standard required retrospective application resulting in a \$4,597,000 decrease of previously reported net position of the governmental activities. Also, as discussed in Notes III H to the financial statements, the Irvine Community Land Trust component unit amended its bylaws such that a change in reporting presentation from blended to discretely presented was required. The cumulative effect of this change resulted in a \$52,978,000 decrease of previously reported net position of the governmental activities, a \$52,964,000 increase of previously reported net position of the discretely presented component unit, and a \$40,694,000 decrease of previously reported fund balance of the other governmental funds. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, the schedules of pension plan contributions, and the schedule of changes in OPEB liability and related ratios, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements.

Other Matters (Continued)

Required Supplementary Information (Continued)

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2018, 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Irvine's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
October 29, 2018

City of Irvine

Management's Discussion and Analysis

As management of the City of Irvine (City), California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, changes in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information illustrating how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present information about the functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government, public safety, public works, community services, community development, and transportation.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also four legally separate entities: the Orange County Great Park Corporation, Irvine Public Facilities Corporation, Irvine Public Facility Infrastructure Authority, and the Irvine Community Land Trust for which the City is financially accountable. The financial information for the Irvine Community Land Trust is reported separately from the financial information presented for the primary government itself. The Orange County Great Park

Corporation, Irvine Public Facilities Corporation, and Irvine Public Facility Infrastructure Authority although also legally separate, function for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government. The government-wide financial statements immediately follow this discussion and analysis.

Fund financial statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provides a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains various individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet, and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, for the General Fund, Orange County Great Park Fund, Orange County Great Park Development Fund, Capital Improvement Projects Fund, Local Park Fees Fund, and the Community Facilities Districts Fund; all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic financial statements also include budgetary comparison statements for the General Fund, Orange County Great Park Fund, and Local Park Fees Fund to demonstrate compliance with the annual budget as adopted (original) and amended (final.)

The basic governmental fund financial statements immediately follow the government-wide financial statements.

Proprietary funds. The City maintains various *internal service funds*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities, vehicle fleet operations, miscellaneous equipment maintenance, duplication, telecommunication services, and information technology systems. Because these services benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

The *internal service funds* are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements immediately follow the basic governmental fund financial statements.

Fiduciary funds. Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statement because the resources of those funds are *not* available to support the City's programs. The basic fiduciary fund financial statements immediately follow the basic proprietary fund financial statements.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements immediately follows the basic fiduciary fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's annual required contribution to the Defined Benefit Pension Plans and Other Post Employment Benefit Plan. Required supplementary information immediately follow the notes to the basic financial statements.

The combining statements referred to earlier in connection with other governmental funds and internal service funds for Other Special Revenue Funds, Other Capital Projects Funds, Permanent Fund, Internal Service Funds, and Fiduciary Funds. These combining and individual fund statements and schedules immediately follow the required supplementary information.

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Financial Highlights

- At the fiscal year ended June 30, 2018, the government's total net position increased by \$120.41 million. The increase stems from an 8 percent increase in total revenue and merely a 6 percent increase in expenses. The largest revenue increases were in program revenues, property tax, and transient occupancy tax.
- As of June 30, 2018, the City's governmental funds reported a combined ending fund balance of \$1.00 billion, a decrease of \$40.28 million in comparison with the prior year. Revenues decreased by 26 percent. The largest reduction of revenue was the special district contributions received in the prior year from various community facility districts and assessment districts to be expended for future capital projects.
- At June 30, 2018, committed, assigned, and unassigned fund balance for the general fund was \$119.20 million or 59 percent of total general fund expenditures. This represents a decrease of \$4.99 million or 4 percent, from the prior year. The City Council has designated all of the committed and assigned fund balance for specified purposes, in accordance with City policies and budgetary guidelines. The unassigned fund balance which is unrestricted, is anticipated to be designated by City Council at a future City Council meeting.
- The City's total long-term liabilities increased by \$1.13 million during the current fiscal year, due to an increase of \$0.64 million of compensated absences (vacation and sick time) and \$0.49 million of claims payable (worker's comp and general liability).

Government-wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

The largest portion of the City's net position, 65 percent, reflects its net investment in capital assets (e.g., land, buildings and systems, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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City of Irvine
Summary of Net Position
June 30, 2018 and 2017
(amounts expressed in thousands)

	Governmental	
	Activities	
	2018	As restated 2017
Assets		
Current and other assets	\$1,138,323	\$1,160,347
Capital assets	1,745,962	1,583,123
Total Assets	<u>2,884,285</u>	<u>2,743,470</u>
 Deferred Outflow of Resources		
Pension related items	<u>72,582</u>	<u>59,295</u>
 Liabilities		
Other liabilities	79,983	66,937
Long-term liabilities	187,374	168,268
Total Liabilities	<u>267,357</u>	<u>235,205</u>
 Deferred Inflows of Resources		
Pension related items	<u>7,885</u>	<u>6,348</u>
 Net Positions		
Net investment in capital assets	1,745,962	1,583,123
Restricted	493,547	543,161
Unrestricted	442,116	434,928
Total Net Positions	<u><u>\$2,681,625</u></u>	<u><u>\$2,561,212</u></u>

During the fiscal year ended June 30, 2018, the net position of the City increased to \$2.68 billion, of which \$1.75 billion was the net invested in capital assets such as equipment, buildings, and infrastructure. Of the remaining total, \$493.55 million, which is a decrease of \$49.61 million over the previous fiscal year, is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties. The decrease is due to a change in accounting principle for the Irvine Community Land Trust (Land Trust) as a discretely presented component unit during the current fiscal year. The Land Trust was reported as a blended component unit in the prior years. The net position of the Land Trust was restricted for housing programs. The remaining \$442.12 million is unrestricted but subject to designation for specific purposes as approved by the City Council. Some of the City Council's significant designations are park development and the City's infrastructure such as streets, roads, and signals.

City of Irvine
Summary of Change in Net Position
For the Years Ended June 30, 2018 and 2017
(amounts expressed in thousands)

	Governmental Activities	
	2018	As restated 2017
Revenues		
Program revenues:		
Charges for services	\$ 84,375	\$ 91,615
Operating grants and contributions	36,550	25,238
Capital grants and contributions	185,320	170,654
General revenues:		
Property taxes	68,135	62,374
Sales taxes	62,834	61,617
Investment revenue	4,441	2,161
Other taxes	37,506	33,687
Other revenues	4,238	300
Total Revenues	<u>483,399</u>	<u>447,646</u>
Expenses		
General Government	46,151	36,470
Public Safety	77,266	71,939
Public Works	99,067	106,546
Community Services	46,104	40,291
Community Development	31,993	31,276
Transportation	3,408	-
Unallocated infrastructure depreciation	58,997	55,529
Total Expenses	<u>362,986</u>	<u>342,051</u>
Change in Net Positions	120,413	105,595
Beginning Net Positions, as restated	<u>2,561,212</u>	<u>2,455,617</u>
Ending Net Positions	<u>\$ 2,681,625</u>	<u>\$ 2,561,212</u>

Overall, Citywide revenues for the fiscal year ended June 30, 2018, increased by \$35.75 million, an 8 percent increase from the prior year. The areas of increase were within program revenues and taxes, specifically in property taxes and transient occupancy taxes.

- Program revenues observed a 6 percent increase over last year. The City received facilities and park amenities through development agreements during the fiscal year that attributed to the increase in program revenues.
- Property tax revenues continue to grow due to increase in development and home prices. Irvine's assessed property value increased above 9 percent over last year, consistent with the City's property tax revenue increase. Total property tax revenues were \$68.14 million.
- Transient occupancy taxes jumped 19 percent over last year's amount to \$18.63 million. The increase is due to three new hotels opened during the fiscal year and three existing hotels reopening after a full or partial remodel.

Total expenses increased \$20.94 million, or 6 percent from the prior year. General Government and Community Services experienced the largest increases of \$9.68 million and \$5.81 million, respectively.

- General Government is the administration of the City and is also responsible for the administration of the assessment districts. The increase of \$9.68 million is primarily due to returning surplus assessments in a few of the assessment districts to trustees and property owners.
- Community Services oversees the programs at the City's various parks and facilities, and offers resources and programs to the community. The increase of \$5.81 from the prior year is due to investment in personnel and technology. There was an increase in full-time and part-time staff to support additional community parks and city-wide programs. The City's parks and facilities have expanded along with the growth in development. Additional part-time personnel were hired to meet the demands at these new facilities. In addition, the department launched a new on-line reservation system for City programs and facility reservations.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements.

As of June 30, 2018, the City's governmental funds reported total combined ending fund balances of \$1.00 billion, a decrease of \$40.28 million from the prior year. Approximately 50 percent of the City's governmental funds' fund balances, or \$498.55 million, constitutes *committed, assigned, and unassigned fund balance*, which is available for spending at the government's discretion within the guidelines of the funding sources. The remaining fund balance, \$505.95 million, is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation.

The nonspendable total of \$0.50 million is a senior citizens services program endowment. The remaining restricted funds totaling \$505.45 million are comprised of \$480.04 million for capital improvement projects, circulation improvements, development activities, and maintenance, \$13.41 million for low-income housing, \$5.40 million set aside for emergencies, \$1.16 million for public education, \$0.88 million for public transportation, \$2.69 million for law enforcement purposes, \$0.45 million for air quality improvement activities, \$0.56 million for animal care, and \$0.86 million for senior, public service and community service activities.

General Fund Financial Highlights

The general fund is the chief operating fund of the City. At June 30, 2018, committed, assigned, and unassigned fund balance of the general fund was \$119.20 million, while total fund balance was \$125.14 million. As a measure of the general fund's liquidity, it is useful to compare committed, assigned and unassigned fund balance to total fund expenditures. Committed, assigned, and unassigned fund balance represents 59 percent of the total general fund expenditures. The City Council has designated all of the committed and assigned fund balances for specified purposes.

For the fiscal year ended June 30, 2018, the cash and investments balance in the General Fund was \$133.32 million, a decrease of \$2.33 million from the prior fiscal year.

City of Irvine Summary of Change in Fund Balances - General Fund For the Year Ended June 30, 2018 and 2017 (amounts expressed in thousands)

	<u>2018</u>	<u>2017</u>
Revenues		
Taxes:		
Property	\$ 65,049	\$ 59,470
Sales	63,853	63,063
Other	32,478	28,957
Total Taxes	<u>161,380</u>	<u>151,490</u>
Charges for services	28,055	32,934
Intergovernmental	691	506
Investment income	807	657
Other	15,587	14,267
Total Revenues	<u>206,520</u>	<u>199,854</u>
Expenditures		
General Government	30,904	30,198
Public Safety	74,448	70,708
Public Works	26,087	28,932
Community Development	28,072	28,123
Community Services	39,139	35,765
Transportation	2,624	-
Total Expenditures	<u>201,274</u>	<u>193,726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,246</u>	<u>6,128</u>
Proceeds from sale of property	28	21
Net transfers	<u>(7,105)</u>	<u>(7,418)</u>
Net Change in Fund Balance	<u><u>\$ (1,831)</u></u>	<u><u>\$ (1,269)</u></u>

Overall, General Fund revenues for the fiscal year ended June 30, 2018, increased by \$6.67 million, or 3 percent, over the prior year. Taxes contributed to the majority of the increase at \$9.89 million, a 7 percent increase over last year. The largest increase within the taxes was property tax of \$5.58 million, an increase of 9 percent over the prior year. The increase is attributable to continued new development in the City and the appreciation in Irvine's residential real estate prices.

See Independent Auditors' Report

Total General Fund expenditures increased by \$7.55 million, or 4 percent, from the prior year. Changes in expenditures, by function, occurred as follows during the fiscal year ended June 30, 2018.

- General Government expenditures increased by \$0.71 million to \$30.90 million. The change is in personnel cost due to increase in salaries and benefits during the fiscal year.
- Public Safety expenditures increased by \$3.74 million to \$74.45 million. Public Safety is entrusted with providing for the public's safety within the City's residential communities, commercial and industrial centers, and recreational and open space areas. The increase is a result of an expansion in sworn personnel to serve new developments within the City.
- Public Works expenditures decreased by \$2.85 million to \$26.09 million. The department develops, builds, and maintains the City's infrastructure and facilities. The Transportation division of Public Works split into its own departments at the beginning of the fiscal year. The organizational restructure caused the decrease of expenditures for the fiscal year.
- Community Development expenditures decreased by \$0.05 million to \$28.07 million. The department focuses on the planning of the City's residential communities and commercial industrial centers, as well as ensuring all construction complies with building codes. The department's expenditures trend with the flow of development.
- Community Services expenditures increased by \$3.37 million to \$39.14 million. This department oversees the programs at the City's various park and facilities, and offers resources and activities that support and assist children, youth, seniors, and families. The increase in expenditure is due to personnel expansion and technology enhancements. There was an increase in full-time and part-time staff to support the community parks, child, youth and family services, and senior services. The City's parks and facilities have expanded with the growth of development. Additional part-time personnel were hired to meet the demands at these new facilities and programs. In addition, a new on-line reservation program was launched during the year.
- Transportation is a newly established department. Its first year expenditures were \$2.62 million. The Transportation department oversees all facets of transportation management, including traffic management and transit planning, and serves as the staff liaison to the City's Transportation Commission.

General Fund Budgetary Highlights

Differences between the General Fund adopted (original) budget expenditures and the amended (final) budget were \$0.60 million and are briefly summarized as follows:

Increases (Decreases) for activities:

- \$0.42 million for General Government.
- \$0.15 million for Community Services.
- \$0.03 million for Community Development.

In each of the functional expenditure categories, actual expenditures were under final budgeted amounts, totaling \$211.37 million and \$211.97 million, respectively. Additionally, for the fiscal year ended June 30, 2018, revenues received were less than budgetary estimates, at \$209.91 million for the original and final amended budget. Revenues received exceeded operating expenditures by \$5.25 million. In addition, there was a \$0.03 million sale of city property and net transfers to other funds of \$7.11 million. Overall, \$1.83 million was eliminated from ending fund balance bringing the fund balance at year-end to \$125.14 million.

See Independent Auditors' Report

Financial Analysis of the Other Major Funds

The Orange County Great Park Fund accounts for transactions relating to the development and operations of the Orange County Great Park located on the site of the former Marine Corps Air Station (MCAS) at El Toro. Current year revenues totaled \$24.58 million of which \$10.36 million was received from developers and \$10.02 million from property owners within certain special districts. Current year expenditures and transfers out were \$22.82 million for the development and operations of the Orange County Great Park. The ending fund balance is a combination of \$28.05 million of restricted funding and \$293.14 million of assigned funding to be utilized for the operation, maintenance and future development of the Orange County Great Park.

Orange County Great Park Development Fund accounts for expenditures related to the planning, design, demolition and construction of the Orange County Great Park. Current year expenditures were \$15.18 million. Funding for these efforts is transferred from the Orange County Great Park Fund and Local Park Fees Fund. The ending fund balance of \$6.86 million is assigned to the purposes of this fund. Much of the development of the Orange County Great Park during the 2017-18 fiscal year was completed by a developer through an agreement with the City. The developer is constructing 677 acres of the Orange County Great Park.

The Capital Improvement Projects Fund accounts for street, bridge, traffic signals, and other circulation related capital projects funded by grants, fees, gas tax, sales tax, and interest revenue. Fund balance increased by \$0.84 million as a result of revenues and other financing sources exceeding the \$8.08 million of capital expenditures. The ending fund balance of \$30.85 million is committed to future circulation construction improvements.

The Local Park Fees Fund accounts for fees received under the Subdivision Map Act of the California State Constitution that requires developers to either contribute land or pay fees to provide recreational facilities within a development area. The fund received \$7.25 million in local park fees and transferred out \$3.12 million for park development. The remaining fund balance of \$115.56 million is restricted for the development of recreational facilities within the various development area in the City.

Community Facilities Districts Fund accounts for infrastructure improvements associated with Columbus Grove, Central Park and Great Park improvement areas. Revenues are primarily from Community Facilities Districts contributions and expenditures are primarily for capital outlay. During the year, \$5.08 million in revenues, including interest, were received and \$66.92 million was expended. The ending fund balance of \$25.85 million is restricted for purposes of this fund.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$1.75 billion net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, park facilities, streets and roads, trails, and bridges. The net increase over the prior fiscal year in the City's investment in capital assets was \$162.84 million, or a 10 percent increase.

City of Irvine Summary of Change in Capital Assets For the Year Ended June 30, 2018 (amounts expressed in thousands)

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land, as restated	\$ 641,566	\$ 31,720	\$ 1,094	\$ 672,192
Construction in progress	36,746	50,186	5,365	81,567
Total capital assets not being depreciated, as restated	<u>678,312</u>	<u>81,906</u>	<u>6,459</u>	<u>753,759</u>
Capital assets, being depreciated:				
Buildings and systems, as restated	136,642	29,950	-	166,592
Improvements other than buildings	193,889	32,024	-	225,913
Machinery and equipment	36,043	3,368	3,269	36,142
Infrastructure	1,635,560	98,940	-	1,734,500
Total capital assets being depreciated, as restated	<u>2,002,134</u>	<u>164,282</u>	<u>3,269</u>	<u>2,163,147</u>
Less accumulated depreciation for:				
Buildings and systems, as restated	(62,806)	(3,521)	-	(66,327)
Improvements other than buildings	(77,865)	(11,085)	-	(88,950)
Machinery and equipment	(25,145)	(3,109)	3,091	(25,163)
Infrastructure	(931,507)	(58,997)	-	(990,504)
Total accumulated depreciation, as restated	<u>(1,097,323)</u>	<u>(76,712)</u>	<u>3,091</u>	<u>(1,170,944)</u>
Total capital assets, being depreciated, net, as restated	<u>904,811</u>	<u>87,570</u>	<u>178</u>	<u>992,203</u>
Governmental activities capital assets, net, as restated	<u>\$ 1,583,123</u>	<u>\$ 169,476</u>	<u>\$ 6,637</u>	<u>\$ 1,745,962</u>

Major capital asset transactions during the current fiscal year included the following:

- Infrastructure additions were \$98.94 million. Street additions accounted for \$68.67 million, traffic signal additions totaled \$6.27 million, bridge additions were \$2.06 million, trails increased by \$2.83 million, and landscaping additions were \$19.11 million.
- Machinery and equipment acquisitions of \$3.37 million included vehicles, computer hardware, computer software, and other types of machinery and equipment.
- Buildings and improvements other than buildings were \$61.97 million, which includes \$42.86 million of improvements completed at the Orange County Great Park.

Additional information on the City's capital assets can be found under Section III. B. entitled "Capital Assets" of the Notes to the Basic Financial Statements section of this report.

See Independent Auditors' Report

Long-term Liabilities

Total outstanding long-term liability at June 30, 2018, was \$29.57 million, an increase of \$1.13 million from the prior year.

City of Irvine
Summary of Change in Long-Term Liabilities
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Balance			Balance		
	June 30, 2017	Increases	Decreases	June 30, 2018	Long-Term	Due Within One Year
Compensated absences	\$ 13,299	\$ 4,785	\$ 4,145	\$ 13,939	\$9,903	\$ 4,036
Claims payable	15,136	2,878	2,387	15,627	11,512	4,115
Total Long-Term Liabilities	<u>\$ 28,435</u>	<u>\$ 7,663</u>	<u>\$ 6,532</u>	<u>\$ 29,566</u>	<u>\$ 21,415</u>	<u>\$ 8,151</u>

Long-term liability-related events during the fiscal year ended June 30, 2018, included:

- Compensated absences liabilities increased by \$4.79 million and payouts to employees upon termination amounted to \$4.15 million or a net increase of \$0.64 million.
- A net increase to claims payable of \$0.49 million to adjust for possible future general liability and workers' compensation claims.

Additional information on the City's long-term liability can be found under Section III. E. entitled "Changes in Long-term Liabilities" of the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The City's economy is linked to the national and state economy. However, because the City is still developing, its local economy can experience departures from other local, state or national trends with resultant recurring revenue fluctuations. Additionally, because the City's revenues are obtained from a limited number of sources, further revenue fluctuations may occur from year to year. To develop its budget model, the City uses the "Orange County Economic Forecast" prepared by Chapman University's Center for Economic Research, the UCLA Anderson Forecast, and the California State University at Fullerton Mihaylo College of Business and Economics as well as projections provided by City consultants. Detailed information about the economic analysis, revenue assumptions, and other budgetary process parameters utilized in the annual budget preparation, can be obtained from the City's fiscal year 2017-18 citywide budget, available through the Administrative Services Department.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Manager of Fiscal Services, One Civic Center Plaza, Post Office Box 19575, Irvine, CA 92623-9575.



BASIC FINANCIAL STATEMENTS



City of Irvine
Statement of Net Position
June 30, 2018
(amount expressed in thousands)

	Primary Government	Component Unit
	Governmental Activities	Irvine Community Land Trust
ASSETS		
Cash and investments	\$ 836,589	\$ 12,680
Receivables, net of allowances:		
Taxes	15,947	-
Accounts	2,910	-
Accrued interest	5,614	502
Escrow deposits	1,199	-
Prepaid items	443	21
Inventories	82	-
Advances to the Successor Agency	235,962	-
Due from the primary government	-	18,812
Due from other governments	9,216	-
Due from developers	24,332	-
Long-term notes receivable, net of allowances	6,029	4,371
Capital assets, not being depreciated:		
Land	672,192	16,000
Construction in progress	81,567	-
Capital assets, net of accumulated depreciation:		
Buildings and systems	100,265	2,103
Improvements other than buildings	136,963	-
Machinery and equipment	10,979	2
Infrastructure	743,996	-
Total Assets	<u>2,884,285</u>	<u>54,491</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	72,582	-
Total Deferred Outflows of Resources	<u>72,582</u>	<u>-</u>
LIABILITIES		
Accounts payable	18,866	-
Accrued liabilities	23,556	16
Due to component unit	18,812	-
Due to other governments	178	-
Deposits	10,374	9
Retentions payable	930	-
Unearned revenue	7,267	-
Noncurrent liabilities:		
Due within one year	8,151	-
Due in more than one year	21,415	-
Net other post employment benefits	6,783	-
Net pension	151,025	-
Total Liabilities	<u>267,357</u>	<u>25</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	7,885	-
Total Deferred Inflows of Resources	<u>7,885</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,745,962	18,105
Restricted:		
Expendable:		
Assessment infrastructure and capital improvements	456,915	-
Housing programs	19,441	36,361
Public safety programs	2,789	-
Other programs and activities	13,903	-
Nonexpendable:		
Senior Services Fund program	499	-
Unrestricted	442,116	-
Total Net Position	<u>\$ 2,681,625</u>	<u>\$ 54,466</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements

City of Irvine
Statement of Activities
For the Fiscal Year Ended June 30, 2018
(amount expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
Primary Government						
Governmental Activities:						
General Government	\$ 46,151	\$ 9,805	\$ 12,520	\$ 2,640	\$ (21,186)	\$
Public Safety	77,266	2,870	1,313	-	(73,083)	
Public Works	99,067	30,947	12,692	179,695	124,267	
Community Services	46,104	15,230	1,097	-	(29,777)	
Community Development	31,993	25,296	8,877	2,985	5,165	
Transportation	3,408	227	51	-	(3,130)	
Unallocated infrastructure depreciation	58,997	-	-	-	(58,997)	
Total Governmental Activities	<u>\$ 362,986</u>	<u>\$ 84,375</u>	<u>\$ 36,550</u>	<u>\$ 185,320</u>	<u>\$ (56,741)</u>	
Component Unit						
Irvine Community Land Trust	\$ 783	\$ 125	\$ -	\$ -		(658)
Total Component Unit	<u>\$ 783</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ -</u>		<u>(658)</u>
General Revenues						
Taxes:						
Property taxes					68,135	-
Sales taxes					62,834	-
Franchise taxes					14,243	-
Transient occupancy taxes					18,632	-
Document transfer taxes					4,631	-
Unrestricted motor vehicle in-lieu					140	-
Gain on sales of assets					3,884	-
Investment revenue					4,441	2,160
Other revenue					214	-
Total General Revenues					177,154	2,160
Change in Net Position					120,413	1,502
Total Net Position, Beginning, as restated					2,561,212	52,964
Total Net Position, Ending					\$ 2,681,625	\$ 54,466

See Independent Auditors' Report and Notes to the Basic Financial Statements

City of Irvine
Balance Sheet
Governmental Funds
June 30, 2018
(amount expressed in thousands)
Page 1 of 2

	General	Orange County Great Park	Orange County Great Park Development	Capital Improvement Projects
ASSETS				
Cash and investments	\$ 133,318	\$ 109,646	\$ 7,077	\$ 33,254
Receivables, net of allowances:				
Taxes	14,857	88	-	-
Accounts	2,118	112	-	-
Accrued interest	276	203	10	60
Escrow deposits	-	-	719	-
Prepaid items	5	-	-	-
Due from other funds	124	-	-	-
Due from other governments	1,570	2,138	-	3,753
Due from developers	-	-	-	826
Due from the Successor Agency	-	235,962	-	-
Long-term notes receivable, net of allowances	-	-	-	-
Total Assets	<u>\$ 152,268</u>	<u>\$ 348,149</u>	<u>\$ 7,806</u>	<u>\$ 37,893</u>
LIABILITIES				
Accounts payable	\$ 7,985	\$ 1,137	\$ 931	\$ 1,978
Accrued liabilities	4,600	-	-	-
Due to component unit	-	23,596	-	-
Due to other funds	-	22	-	-
Due to other governments	145	2	-	-
Retentions payable	-	-	14	158
Deposits	9,866	-	-	427
Unearned revenue	4,453	68	-	21
Total Liabilities	<u>27,049</u>	<u>24,825</u>	<u>945</u>	<u>2,584</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	78	2,138	-	4,463
Total Deferred Inflows of Resources	<u>78</u>	<u>2,138</u>	<u>-</u>	<u>4,463</u>
FUND BALANCES (DEFICITS)				
Nonspendable	5	-	-	-
Restricted	5,936	28,049	-	23
Committed	36,811	-	-	30,604
Assigned	72,601	293,137	6,861	219
Unassigned	9,788	-	-	-
Total Fund Balances (Deficits)	<u>125,141</u>	<u>321,186</u>	<u>6,861</u>	<u>30,846</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 152,268</u>	<u>\$ 348,149</u>	<u>\$ 7,806</u>	<u>\$ 37,893</u>

- continued -

See Independent Auditors' Report and Notes to the Basic Financial Statements

City of Irvine
Balance Sheet
Governmental Funds
June 30, 2018
(amount expressed in thousands)
Page 2 of 2

	Local Park Fees	Community Facilities Districts	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 115,339	\$ 41,325	\$ 361,944	\$ 801,903
Receivables, net of allowances:				
Taxes	-	-	1,002	15,947
Accounts	-	-	461	2,691
Accrued interest	218	126	821	1,714
Escrow deposits	-	-	480	1,199
Prepaid items	-	-	-	5
Due from other funds	-	-	22	146
Due from other governments	-	-	1,694	9,155
Due from developers	-	-	23,498	24,324
Due from the Successor Agency	-	-	-	235,962
Long-term notes receivable, net of allowances	-	-	6,029	6,029
Total Assets	<u>\$ 115,557</u>	<u>\$ 41,451</u>	<u>\$ 395,951</u>	<u>\$ 1,099,075</u>
LIABILITIES				
Accounts payable	\$ -	\$ 24	\$ 3,367	\$ 15,422
Accrued liabilities	-	15,573	3,158	23,331
Due to component unit	-	-	-	23,596
Due to other funds	-	-	124	146
Due to other governments	-	-	9	156
Retentions payable	-	-	758	930
Deposits	-	-	81	10,374
Unearned revenue	-	-	2,725	7,267
Total Liabilities	<u>-</u>	<u>15,597</u>	<u>10,222</u>	<u>81,222</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	6,673	13,352
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>6,673</u>	<u>13,352</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	499	504
Restricted	115,557	25,854	330,032	505,451
Committed	-	-	46,305	113,720
Assigned	-	-	4,416	377,234
Unassigned	-	-	(2,196)	7,592
Total Fund Balances (Deficits)	<u>115,557</u>	<u>25,854</u>	<u>379,056</u>	<u>1,004,501</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 115,557</u>	<u>\$ 41,451</u>	<u>\$ 395,951</u>	<u>\$ 1,099,075</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements

City of Irvine
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2018
(amount expressed in thousands)

Total Fund Balances of Governmental Funds	\$ 1,004,501
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in government activities are nonfinancial resources and are not reported in the funds. The following is net of the Internal Service Funds of \$8,127.

Governmental capital assets	\$ 2,893,021	
Less: accumulated depreciation	(1,155,186)	
		1,737,835

Accrued interest and long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds.	3,974
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Long-term note receivable for the revolving loan programs are not available to pay current period expenditures and are shown as unavailable revenues in the funds.	6,029
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Deferred outflow related to pension contributions made subsequent to the measurement date, net of the Internal Service Funds of \$1,099.	71,483
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Revenues not collected within current period and are shown as unavailable revenues in the funds. However, on an accrual basis revenues are included in the government-wide statements. These revenues include:

Capital Improvement Projects Funds	4,463	
Grant Fund	169	
Park Development Fund	403	
General Fund	78	
Orange County Great Park Fund	2,138	
Irvine Business Complex Fund	63	
Shuttle Fund	9	
		7,323

The net other post employment benefit pension obligation is not due and payable in the current period and is not reported in the fund financial statements.	(6,783)
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Internal service funds are used by management to charge the cost of activities involved in rendering services to departments within the City. The assets and liabilities of the internal services funds are included in the Statement of Net Position.	22,240
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Compensated absences long-term liabilities are not due and payable in the current period and are not reported in the funds, net of Internal Service fund of (\$326)	(13,612)
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For governmental funds, long-term agreements between the funds and component units are recorded at full value of the agreement, but for reporting in the statement of net position, the agreement is reported at net present value.	4,784
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The net pension obligation is not due and payable in the current period and is not reported in the funds, net of the Internal Service Fund of (\$2,613).	(148,413)
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Deferred inflow related to pension items differences between expected and actual experience and net investment income, net of the Internal Service Funds of (\$149)	(7,736)
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Net Position of Governmental Activities	\$ 2,681,625
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See Independent Auditors' Report and Notes to the Basic Financial Statements



City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018
(amount expressed in thousands)
Page 1 of 2

	General	Orange County Great Park	Orange County Great Park Development	Capital Improvement Projects
REVENUES				
Taxes	\$ 161,380	\$ -	\$ -	\$ -
Licenses and permits	9,766	-	-	-
Fines and forfeitures	1,415	-	-	-
Investment income	807	83	(28)	73
Intergovernmental	691	-	-	1,901
Charges for services	28,055	4,062	-	-
Contributions from property owners-				
Special districts contributions	-	-	-	-
Revenue from developers	-	10,364	-	-
Special assessments	-	10,016	-	-
Donations	16	-	-	-
Other revenue	4,390	58	-	522
	<u>206,520</u>	<u>24,583</u>	<u>(28)</u>	<u>2,496</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government	30,904	2,602	3	55
Public Safety	74,448	533	-	-
Public Works	26,087	3,897	4	312
Community Development	28,072	27	-	4
Community Services	39,139	4,738	-	-
Transportation	2,624	-	-	-
Capital outlay	-	-	15,173	7,711
	<u>201,274</u>	<u>11,797</u>	<u>15,180</u>	<u>8,082</u>
Total Expenditures				
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>5,246</u>	<u>12,786</u>	<u>(15,208)</u>	<u>(5,586)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	28	-	-	-
Transfers in	367	-	18,115	6,429
Transfers out	(7,472)	(11,021)	-	-
	<u>(7,077)</u>	<u>(11,021)</u>	<u>18,115</u>	<u>6,429</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(1,831)	1,765	2,907	843
Fund Balances, Beginning, as restated	<u>126,972</u>	<u>319,421</u>	<u>3,954</u>	<u>30,003</u>
Fund Balances, Ending	<u>\$ 125,141</u>	<u>\$ 321,186</u>	<u>\$ 6,861</u>	<u>\$ 30,846</u>

- continued -

See Independent Auditors' Report and Notes to the Basic Financial Statements

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018
(amount expressed in thousands)
Page 2 of 2

	Local Park Fees	Community Facilities Districts	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ -	\$ -	\$ 29,287	\$ 190,667
Licenses and permits	-	-	40	9,806
Fines and forfeitures	-	-	-	1,415
Investment income	274	1,051	2,193	4,453
Intergovernmental	-	-	4,991	7,583
Charges for services	-	-	2,109	34,226
Contributions from property owners-				
Special districts contributions	-	2,640	17,036	19,676
Revenue from developers	7,245	-	17,117	34,726
Special assessments	-	1,391	8,833	20,240
Donations	-	-	611	627
Other revenue	-	-	168	5,138
Total Revenues	7,519	5,082	82,385	328,557
EXPENDITURES				
Current:				
General Government	-	1	10,984	44,549
Public Safety	-	-	2,229	77,210
Public Works	-	239	20,610	51,149
Community Development	-	-	2,475	30,578
Community Services	-	-	1,035	44,912
Transportation	-	-	774	3,398
Capital outlay	-	66,679	32,100	121,663
Total Expenditures	-	66,919	70,207	373,459
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,519	(61,837)	12,178	(44,902)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	-	3,999	4,027
Transfers in	-	-	21,670	46,581
Transfers out	(3,122)	-	(24,366)	(45,981)
Total Other Financing Sources (Uses)	(3,122)	-	1,303	4,627
Net Change in Fund Balances	4,397	(61,837)	13,481	(40,275)
Fund Balances, Beginning, as restated	111,160	87,691	365,575	1,044,776
Fund Balances, Ending	\$ 115,557	\$ 25,854	\$ 379,056	\$ 1,004,501

See Independent Auditors' Report and Notes to the Basic Financial Statements



City of Irvine
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018
(amount expressed in thousands)

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds		\$ (40,275)
Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, as listed below:		
Expenditures for capital outlays	\$ 121,663	
Expenditures for capital equipment purchases	1,020	
Less amounts not capitalized	(36,880)	
Depreciation expense	<u>(74,390)</u>	
		11,413
Governmental funds do not report the donation of capital assets not held for resale. Such transactions are included as revenue on the Statement of Activities.		
Donation of capital infrastructure assets		151,010
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Interest	258	
Charges for services	(2,146)	
Grants	1,252	
Sales taxes	(1,020)	
Transient occupancy taxes	(58)	
Other revenue	<u>2,137</u>	
		423
Long-term receivables and related unavailable revenue are recognized as expenditures in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. However, these payments reduce the unearned revenue in the Statement of Net Position and do not result in an expense in the Statement of Activities.		
		366
Governmental funds do not report the changes in the net pensions and other post employment benefit plan, since it does not provide or require the use of current financial resources.		
Defined Benefit Pension Plans	1,421	
Other Post Employment Benefit Plan	<u>(336)</u>	
		1,085
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.		
Compensated absences	(523)	
Due to component unit	<u>(1,559)</u>	
		(2,082)
Internal Service Funds are used by management to charge the costs of certain activities such as insurance and fleet, to individual funds. The net revenue (expense) of the Internal Service Funds is included in the Statement of Activities.		
		<u>(1,527)</u>
Change in Net Position of Governmental Activities		<u>\$ 120,413</u>



City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 159,850	\$ 159,850	\$ 161,380	\$ 1,530
Licenses and permits	10,196	10,196	9,766	(430)
Fines and forfeitures	1,482	1,482	1,415	(67)
Investment income	2,180	2,180	807	(1,373)
Intergovernmental	347	347	691	344
Charges for services	31,402	31,402	28,055	(3,347)
Donations	5	5	16	11
Other revenue	4,451	4,451	4,390	(61)
Total Revenues	209,913	209,913	206,520	(3,393)
EXPENDITURES				
Current:				
City Manager	12,166	12,514	10,813	1,701
Administrative Services	21,549	21,628	20,091	1,537
Public Safety	75,160	75,160	74,448	712
Public Works	27,380	27,380	26,087	1,293
Community Development	32,032	32,059	28,072	3,987
Community Services	40,128	40,278	39,139	1,139
Transportation	2,955	2,955	2,624	331
Total Expenditures	211,370	211,974	201,274	10,700
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,457)	(2,061)	5,246	7,307
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	30	30	28	(2)
Transfers in	333	399	367	(32)
Transfers out	(11,464)	(12,435)	(7,472)	4,963
Total Other Financing Sources (Uses)	(11,101)	(12,006)	(7,077)	4,929
Net Change in Fund Balances	(12,558)	(14,067)	(1,831)	12,236
Fund Balances, Beginning	126,972	126,972	126,972	-
Fund Balances, Ending	\$ 114,414	\$ 112,905	\$ 125,141	\$ 12,236

See Independent Auditors' Report and Notes to the Basic Financial Statements

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Orange County Great Park
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 1 of 2

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Investment income	\$ 868	\$ 868	\$ 83	\$ (785)
Charges for services	7,023	7,023	4,062	(2,961)
Revenue from developers	2,750	2,750	10,364	7,614
Special assessments	10,079	10,079	10,016	(63)
Other revenue	-	-	58	58
Total Revenues	20,720	20,720	24,583	3,863
EXPENDITURES				
Current:				
City Manager				
Personnel	1,238	1,238	1,007	231
Supplies	109	109	16	93
Internal service allocations	52	52	52	-
Contract services	2,566	2,687	1,250	1,437
Training and business expenses	30	30	2	28
Capital equipment	20	20	-	20
Miscellaneous	106	106	30	76
Total City Manager	4,121	4,242	2,357	1,885
Administrative Services				
Personnel	401	401	231	170
Internal service allocations	11	11	11	-
Contract services	7	7	3	4
Training and business expenses	2	2	-	2
Total Administrative Services	421	421	245	176
Public Safety				
Personnel	543	543	473	70
Supplies	4	4	3	1
Internal service allocations	7	7	7	-
Capital equipment	80	80	50	30
Total Public Safety	634	634	533	101
Public Works				
Personnel	844	844	812	32
Supplies	133	133	94	39
Internal service allocations	26	26	26	-
Contract services	4,679	5,610	2,510	3,100
Training and business expenses	6	6	-	6
Utilities	742	742	437	305
Capital equipment	32	32	18	14
Total Public Works	6,462	7,393	3,897	3,496

- continued -

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Orange County Great Park
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 2 of 2

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES (Continued)				
Current:				
Community Development				
Personnel	54	54	3	51
Supplies	3	3	-	3
Contract services	606	606	24	582
Total Community Development	663	663	27	636
Community Services				
Personnel	2,722	2,722	2,406	316
Supplies	325	325	230	95
Internal service allocations	655	655	655	-
Contract services	2,384	2,384	1,032	1,352
Training and business expenses	36	36	8	28
Capital equipment	268	268	266	2
Miscellaneous	212	212	141	71
Repairs and maintenance	9	9	-	9
Total Community Services	6,611	6,611	4,738	1,873
Transportation				
Contract services	100	100	-	100
Total Transportation	100	100	-	100
Total Expenditures	19,012	20,064	11,797	8,267
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,708	656	12,786	12,130
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,143)	(11,021)	(11,021)	-
Total Other Financing Sources (Uses)	(5,143)	(11,021)	(11,021)	-
Net Change in Fund Balances	(3,435)	(10,365)	1,765	12,130
Fund Balances, Beginning	319,421	319,421	319,421	-
Fund Balances, Ending	\$ 315,986	\$ 309,056	\$ 321,186	\$ 12,130

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Local Park Fees
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment income	\$ 1,415	\$ 1,415	\$ 274	\$ (1,141)
Revenue from developers	8,379	8,379	7,245	(1,134)
Total Revenues	9,794	9,794	7,519	(2,275)
OTHER FINANCING SOURCES (USES)				
Transfers out	(45,473)	(47,576)	(3,122)	44,454
Total Other Financing Sources (Uses)	(45,473)	(47,576)	(3,122)	44,454
Net Change in Fund Balances	(35,679)	(37,782)	4,397	42,179
Fund Balances, Beginning	111,160	111,160	111,160	-
Fund Balances, Ending	<u>\$ 75,481</u>	<u>\$ 73,378</u>	<u>\$ 115,557</u>	<u>\$ 42,179</u>

City of Irvine
Statement of Net Position
Proprietary Funds
June 30, 2018
(amounts expressed in thousands)

	Governmental Activities- Internal Service Funds
ASSETS	
Current Assets:	
Cash and investments	\$ 34,686
Receivables, net of allowances:	
Accounts	87
Accrued interest	66
Prepaid items	438
Inventories	82
Due from other governments	61
Total Current Assets	<u>35,420</u>
Noncurrent Assets:	
Capital assets:	
Equipment	23,885
Less accumulated depreciation	(15,758)
Total Noncurrent Assets	<u>8,127</u>
Total Assets	<u>43,547</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	1,099
Total Deferred Outflows of Resources	<u>1,099</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	3,444
Accrued liabilities	225
Due to other governments	22
Compensated absences	94
Claims payable	4,115
Total Current Liabilities	<u>7,900</u>
Noncurrent Liabilities:	
Compensated absences	232
Claims payable	11,512
Net pension	2,613
Total Noncurrent Liabilities	<u>14,357</u>
Total Liabilities	<u>22,257</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	149
Total Deferred Inflows of Resources	<u>149</u>
Net investment in capital assets	8,127
Unrestricted	14,113
Total Net Position	<u>\$ 22,240</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements

City of Irvine
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 27,940
Intergovernmental	60
Other	72
Total Operating Revenues	<u>28,072</u>
OPERATING EXPENSES	
Salaries and benefits	4,292
Supplies and equipment	7,174
Contract services	9,378
Administration	1,480
Self-insured losses	3,064
Insurance premiums	2,483
Depreciation	2,322
Total Operating Expenses	<u>30,193</u>
Operating Income (Loss)	<u>(2,121)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	113
Gain (loss) on disposal of equipment	163
Total Nonoperating Revenues	<u>276</u>
Income (Loss) Before Capital Contributions and Transfers	(1,845)
Capital contributions	918
Transfers in	925
Transfers out	(1,525)
Change in Net Position	(1,527)
Total Net Position, Beginning	<u>23,767</u>
Total Net Position, Ending	<u><u>\$ 22,240</u></u>

City of Irvine
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers and users	\$ 94
Received from interfund services provided	27,940
Paid to suppliers and providers	(22,295)
Paid for salaries and benefits	(4,209)
Net Cash Provided (Used) by Operating Activities	<u>1,530</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from other funds	925
Transfers to other funds	(1,525)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(600)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of equipment	385
Equipment purchases	(2,040)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,655)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	<u>105</u>
Net Cash Provided (Used) by Investing Activities	<u>105</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(620)
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>35,306</u>
Cash and Cash Equivalents, End of Fiscal Year	<u><u>\$ 34,686</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	<u>\$ (2,121)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	2,322
(Increase) decrease in receivables, net of allowances	16
(Increase) decrease in prepaid items	(166)
(Increase) decrease in due from other funds	(54)
(Increase) decrease in inventories	13
(Increase) decrease in deferred outflows	(172)
Increase (decrease) in accounts payable	751
Increase (decrease) in accrued liabilities	188
Increase (decrease) in due to other governments	7
Increase (decrease) in deferred revenue	43
Increase (decrease) in compensated absences	116
Increase (decrease) in claims payable	491
Increase (decrease) in net pension	96
Total Adjustments	<u>3,651</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,530</u></u>
Schedule of Non-Cash and Related Financing Activities	
Contribution of Capital Assets	<u><u>\$ 918</u></u>

See Independent Auditors' Report and Notes to the Basic Financial Statements



City of Irvine
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017 and June 30, 2018
(amounts expressed in thousand)

	<u>December 31, 2017</u>		
	Pension and Employee Benefit Trust Funds	Successor Agency Private- Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 284	\$ 5,088	\$ 122,522
Receivables, net of allowances:			
Taxes	-	-	1,182
Accounts	10	-	2,186
Accrued interest	-	8	486
Loans	45	-	-
Due from other governments	-	235,962	-
Due from developers	-	-	732
Investments:			
Pooled funds	23,754	-	-
Mutual funds - closed end funds equity	201	-	-
Mutual funds - equity	4,391	-	-
Mutual funds - corporate bonds	591	-	-
Mutual funds - balanced	225	-	-
Wells Fargo funds - balanced	898	-	-
Total Assets	<u>30,399</u>	<u>241,058</u>	<u>127,108</u>
LIABILITIES			
Accounts payable	13	3,979	780
Accrued liabilities	21	-	6
Due to other funds	-	-	88
Advances from the City of Irvine	-	235,962	-
Due to bondholders	-	-	123,978
Due to other governments	-	-	2,256
Total Liabilities	<u>34</u>	<u>239,941</u>	<u>127,108</u>
NET POSITION			
Net position restricted for pensions	30,365	-	-
Held in trust for enforceable obligations	-	1,117	-
Total Net Position	<u>\$ 30,365</u>	<u>\$ 1,117</u>	<u>\$ -</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements

City of Irvine
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2017 and June 30, 2018
(amounts expressed in thousands)

	<u>December 31, 2017</u>	
	Pension and Employee Benefit Trust Funds	Successor Agency Private- Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 298	\$ -
Plan members	93	-
Interest from participants' loan	2	-
Total Contributions	393	-
Investment income (loss):		
Interest and dividends	85	-
Net appreciation (depreciation) in fair value of investments	2,958	-
Total Investment Income	3,043	-
Less: investment expenses	(94)	-
Net Investment Income	2,949	-
Taxes	-	4,173
Investment income	-	(9)
Total Additions	3,342	4,164
DEDUCTIONS		
Benefit payments	1,602	-
Distributions to the County	-	3,973
Administration	45	47
Total Deductions	1,647	4,020
Change in Net Position	1,695	144
Total Net Position, Beginning	28,670	973
Total Net Position, Ending	\$ 30,365	\$ 1,117

See Independent Auditor's Report and Notes to the Basic Financial Statements





City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies

The basic financial statements of the City of Irvine, California (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City was incorporated December 28, 1971, under the general laws of the State of California. The City adopted its Charter in 1975. An elected mayor and four-member council govern the City. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The City's blended component units, although legally separate entities are, in substance, part of the City's operations and the financial data is combined with data of the City.

Component Units

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Certain organizations warrant inclusion as part of the financial reporting entry because of the nature and significance of its relationship with the City. A legally separate, tax-exempt organization should be reported as a component unit of the City if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents.
2. The City, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the City, or its component units, is entitled to, or has the ability to otherwise access, are significant to the City.

Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Unit

The Irvine Public Facilities Corporation (Corporation) and the Irvine Public Facilities and Infrastructure Authority (Authority) were used to finance the acquisition and construction of the City's civic center, operations support facility, animal services facilities, and other infrastructure improvements in the City. The Corporation and Authority are governed by boards comprised of appointed Finance Commissioners and the elected City Councilmembers, respectively. Since the governing bodies of the City Council, the Corporation and the Authority are substantially the same, these entities are reported as component units and their transactions are reported in the governmental fund financial statements as debt service funds. The Corporation's debt was retired in fiscal year 2001-

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

02 and the Authority's debt was retired in fiscal year 2010-11; no additional activity has occurred in these funds. Separate financial statements are not prepared for the Corporation and the Authority.

The Orange County Great Park Corporation (OCGPC) was established by the Irvine City Council on July 7, 2003, as a support agency to the City, for the specific purpose of managing and effecting the development, operation, and maintenance of the Orange County Great Park on the site of the former Marine Corps Air Station (MCAS) El Toro. The OCGPC board of directors is comprised of the five elected City Councilmembers. Since the governing bodies of the City Council and OCGPC are substantially the same, and there is a financial burden relationship between the City and the OCGPC, the OCGPC is reported as a blended component unit. The transactions of the OCGPC are reported in the governmental fund financial statements as a part of the major special revenue fund Orange County Great Park. No financial activity occurred during the fiscal year, therefore, no financial statements are available.

Discretely Presented Component Unit

The Irvine Community Land Trust (Land Trust) was established by the Irvine City Council on February 14, 2006, as a support agency to the City for the specific purpose of assisting the City to ensure that its residents are able to secure affordable housing by, among other things, developing, constructing, financing, managing, selling, renting, subsidizing, and monitoring single and multi-family housing. The Land Trust board of directors is comprised of seven at-large directors appointed by its Board. The at-large directors must be residents of and/or work in the City of Irvine. Two of the seven at-large directors may be nominated by the City. The Land Trust receives its primary income from rental activities and contributions from the City. Separately issued financial reports are available for the Land Trust. These reports may be obtained by contacting the Irvine Community Land Trust, 930 Roosevelt Avenue, Suite 106, Irvine, California, 92620.

B. Government-wide and Fund Financial Statements – Basis of Presentation

Government-wide Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All City activities are governmental; no business-type activities are reported in the statements.

The Statement of Activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are not properly included among program revenues are reported instead as general revenues. As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Net Position, which is equity, is reported in the following categories:

- net investment in capital assets, represents the City's equity interest in capital assets;
- restricted assets, are net positions whose use is not subject to the City's own discretion; and
- unrestricted net positions are available for use.

As discussed earlier, the government has a discretely presented component unit. While the Irvine Community Land Trust is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

Fund Financial Statements: The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary and fiduciary are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The Orange County Great Park Fund, is a special revenue fund that accounts for the receipt and disbursement of funds used for the specific purpose of managing, developing, operating and maintaining the Orange County Great Park.

The Orange County Great Park Development Fund, is a capital projects fund used to account for expenditures related to the planning, design, demolition and constructing the Orange County Great Park.

The Capital Improvement Projects Fund, is a capital projects fund that accounts for acquisition and construction of the City's general circulation related infrastructure including traffic signals, street medians and bridges.

The Local Park Fees Fund, is a special revenue fund that records the fees received under the Subdivision Map Act of the California State Constitution that requires the developers to either contribute land or pay fees to provide recreational facilities within a development area.

The Community Facilities District Fund, a capital projects fund, accounts for the capital infrastructure improvements associated with the Community Facilities District in the Columbus Grove, Central Park and Great Park Improvement Areas.

Additionally, the City reports the following fund types:

Governmental Funds

Special Revenue Funds account for proceeds of specific revenue sources that are legally restricted or otherwise committed or assigned for specific purposes.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Capital Projects Funds account for financial resources used for the acquisition and construction of major capital facilities and circulation infrastructure.

Permanent Fund accounts for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. Adult day health services and senior citizen programs are funded from these interest earnings and donations.

Proprietary Funds

Internal Service Funds records the operations that provide services to other departments of the City on a cost reimbursement basis. These services include self-insurance, acquisition, replacement and maintenance of the City's vehicle fleet, Civic Center maintenance, information technology systems, telephone, mail and duplicating services, and central stores supplies.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

Pension and Employee Benefit Trust Funds account for the activities of the City's Defined Benefit Pension Plan for sworn employees and the Defined Contribution Pension Plan for non-sworn employees.

Private-Purpose Trust Funds are the Successor Agency Trust funds, which hold assets and receive resources to pay enforceable obligations and administrative costs of the dissolved Irvine Redevelopment Agency.

Agency Funds are used to account for debt service activities related to the Assessment District and Community Facilities District conduit debt issues, in which the City acts as an agent, not as a principal. The Inter-Agency Custodial Fund is used to account for cash seized by Public Safety and held until final disposition of the cases.

The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so only the net amount is included as internal balances in the governmental activities column.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so only the net amount is included as transfers in the governmental activities column.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, as are the proprietary fund and fiduciary fund financial statements; however, the measurement focus is not applicable to agency funds. Under the *economic resources measurement focus*, all assets, deferred outflow of resources, liabilities (current and long-term), and deferred inflow of resources are reported. Under the *accrual basis of accounting*, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

In general, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; however, indirect expenses and internal payments have been eliminated.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the *current financial resources measurement focus*, generally only current assets, liabilities and deferred inflow of resources are reported in the governmental funds.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the *modified accrual basis of accounting*, revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, under accrual accounting. However, expenditures for debt service and compensated absences are recorded only when payment is due.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the City.

The proprietary, pension and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities

D. Use of Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then use unrestricted resources as needed.

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates or fair market value when market quotations are readily available.

The City maintains a cash and investment pool that is available for use by all funds except the Pension Trust Funds, Irvine Community Land Trust, and the Inter-Agency Custodial Fund, which holds cash and investments separately from those of other City funds. Each fund's portion of the City's pool is displayed in the financial statements as "Cash and investments." Investment income is allocated to all participating funds based on each fund's average daily cash balance.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets include property, plant, equipment and infrastructure. Property, plant, and equipment are reported as assets with an initial individual cost of at least \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Infrastructure components, which include street, bridge, traffic signal, landscape, and trail networks, are reported as assets with an initial individual cost of at least \$50,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition fair value at the date of acquisition.

The estimated historical cost of infrastructure asset networks, as of July 1, 2001, was derived by calculating the current construction or purchase cost from recent historical data and deflating that cost back in time to estimated prior in-service dates for network classes using a generally used cost index deflator. Infrastructure asset networks are included in the City's capital assets reporting at estimated historical cost. Additions to the networks after June 30, 2001, are reported at actual cost consistent with the capitalization policy described above. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed.

Property, plant, equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Lives</u>
Buildings & systems	30 - 40
Improvements other than buildings	5 - 15
Machinery and equipment	3 - 10
Infrastructure	17 - 62

Deferred Outflow/Inflow of Resources

In addition to assets, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The City has only one type of item in the statement of net position, \$72,582 deferred for outflows of resources related to pension - this balances represent current fiscal year contribution to the pension plans that will be applied as a reduction in net pension liability in the next fiscal year; or other items arising from changes in actuarial assumptions, difference between actual and projected experience, or difference between actual and projected investment gains/losses; the amount will be amortized and reported as a component in pension expense in future fiscal years.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflow of resources. The separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City reported the following in this category:

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

1. Unavailable revenues measured under the modified accrual basis of accounting reported in governmental funds. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.
2. Deferred inflows of resources related to pension are certain changes in total pension liability and fiduciary net position that are to be recognized as an increase in pension expenses in future fiscal years. These balances arise from changes in actuarial assumptions, difference between actual and projected experience, or difference between actual and projected investment gains/losses.

Deferred inflows of resources that are included in the governmental fund financial statements and government-wide statements at June 30, 2018, are as follows:

	General Fund	Orange County Great Park	Capital Improvement Projects	Other Governmental Funds	Total
<u>Governmental Funds:</u>					
Grants	\$ -	\$ -	\$ 4,463	632	\$ 5,095
Revenue from developer	-	2,138	-	-	2,138
Notes and long-term receivable	-	-	-	6,029	6,029
Other revenue	78	-	-	12	90
Total	<u>\$ 78</u>	<u>\$ 2,138</u>	<u>\$ 4,463</u>	<u>\$ 6,673</u>	<u>\$ 13,352</u>
<u>Government-wide:</u>					
Pension related items					<u>\$ 7,885</u>

Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the City 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 City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Long-Term Notes Receivable

Long-term notes receivable consist of loans to developers to assist in the stimulation of low and moderate income housing projects, rehabilitation loans to low income individuals that need assistance

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

in rehabilitating their homes, and first time buyers assistance loans. Loan repayment terms range from due at the sale of the property to 58 years. A majority of the loans to the developers will be paid from residual rental receipts earned on the property.

Due to the long-term nature and contingent repayment requirements for some of the loans, an allowance for doubtful accounts has been estimated, actual results can differ from the estimates. Some of the loans were funded from the Department of Housing and Urban Development and CalHOME grants and are part of a revolving loan program. In the governmental funds financial statements, disbursements for providing these revolving loan receivables are recorded as expenditures while the collection of these receivables are recorded as revenue. Due to the requirement of the granting agency, these receivable collections must be utilized for the purpose of the grant requirements. The City has recorded a deferred inflow of resources equal to the outstanding revolving loan principal of \$6,029.

Developer loans	\$ 13,517
Rehabilitation loans	1,883
First time home buyer assistance loans	713
Total	<u>16,113</u>
Allowance for doubtful accounts	<u>(10,084)</u>
Long-Term Notes Receivable, Net	<u>\$ 6,029</u>

Property Taxes

Property taxes are attached as enforceable liens on the related property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Orange (County) bills and collects the property taxes and remits the amounts to the City in installments during the year. California State legislation (known as the "Teeter Plan") allowed the City and County to adopt an alternative property tax allocation plan whereby the City receives 100 percent of the tax levied. The City is not responsible to reimburse the County for unpaid property taxes, in return, the County receives all penalty charges or delinquent property taxes and is also responsible for any foreclosure proceedings.

Compensated Absences

It is the City's policy to allow employees to accumulate earned but unused vacation, compensatory time and sick pay benefits. The vesting method is used to calculate the liability. Depending on the bargaining group and years of service, an employee will be paid between 0 percent and 90 percent of earned sick pay benefits and 100 percent of earned vacation and compensatory time upon separation. All vacation pay, compensatory time, and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. The current portion of the liability is estimated from prior year payments and adjusted for material expected variances. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is used to liquidate the compensated absences liabilities.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net positions. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, with

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

the exception of prepaid insurance costs, are recognized as an outflow of resources in the period when the debt is issued. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS' Financial Office and the City's Defined Benefit Pension Plan for sworn employees. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund is used to liquidate the pension liabilities.

Governmental Accounting Standards Board (GASB) Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

	Defined Benefit Pension Plan	CalPERS Pension Plans
Valuation Date (VD)	December 31, 2016	June 30, 2016
Measurement Date (MD)	December 31, 2017	June 30, 2017
Measurement Period (MP)	January 1, 2017 to December 31, 2017	July 1, 2016 to June 30, 2017

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflow of resources and deferred inflow of resources related to OPEB, and OPEB expense have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. The General Fund is used to liquidate the OPEB liabilities.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For the report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Fund Balance-Net Position

In the fund financial statements, governmental fund balance is made up of the following components:

Nonspendable fund balance typically includes inventories, prepaid items and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Restricted fund balance includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council resolutions. These amounts cannot be used for any other purposes unless the City removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned fund balance reflects the City's intended use of resources. Through the adoption of the budget and subsequent budget adjustments throughout the year, the City assigns the specific purpose of the funding.

Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications. In other governmental funds, the unassigned classification reports a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally, unassigned fund balance.

In the governmental-wide financial statement and proprietary fund financial statements, net positions are classified as follows:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction or improvement of the assets.

Restricted net position is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position is all resources that do not meet the definition of “net investment in capital assets” or “restricted net position.”

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions related to the collectability of its receivables (e.g. accounts receivable, intergovernmental receivables, loans receivable, amounts due from other funds and amounts advanced to other funds), the depreciation of its capital assets and infrastructure networks, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

G. Implementation of New GASB Pronouncements

In fiscal year ended June 30, 2018, the City adopted the following accounting standards.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* becomes effective for fiscal year beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The result of implementation is a \$4,597 reduction in beginning net position in the statement of activities.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* becomes effective for fiscal year beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This standard did not impact the City.

GASB Statement No. 82, *Pension Issue – An Amendment of GASB Statements No. 67, No. 68, and No. 73* is effective for the fiscal year beginning after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This standard did not impact the City.

GASB Statement No. 85, *Omnibus 2017* becomes effective for fiscal year beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This standard did not impact the City.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* becomes effective for fiscal year beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This standard did not impact the City.

H. Pending GASB Accounting Pronouncements

The following accounting statement which may impact the City's financial reporting requirements in the near future is listed below.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 83, *Certain Asset Retirement Obligations* becomes effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs).

GASB Statement No. 84, *Fiduciary Activities* becomes effective for fiscal years beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases* becomes effective for fiscal year beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* becomes effective for reporting periods beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements.

GASB Statement No. 89, *Accounting For Interest Cost Incurred Before the End of a Construction Period*, becomes effective for reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No 61*, becomes effective for reporting periods beginning after December 15, 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
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II. Stewardship, Compliance and Accountability

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During May and June, the City Manager submits to the City's Finance Commission and the City Council a proposed operating budget for all funds of the City for the fiscal year commencing the following July 1. In addition, during June, the Orange County Great Park funds' budget is submitted to the Orange County Great Park Board. The budget includes proposed expenditures and the means of financing them.
2. The Finance Commission, Orange County Great Park Board, and City Council hold public meetings to consider the proposed budget. Prior to July 1, the budget is legally enacted through adoption of an appropriation resolution.
3. After adoption, the annual budget, except for the Orange County Great Park Funds, may be amended by the City Manager if amendments are less than \$50,000 (amount not rounded) and do not expand or add to the City's programs or services, except for the General Fund that has no limit if the amendments do not expand or add to the City's programs or services. The legal level of control in the General Fund is considered to be the department level. The City departments are: City Manager, Administrative Services, Community Development, Community Services, Public Safety, Public Works and Transportation. The first two departments are classified together for reporting purposes as General Government, but City Manager and Administrative Services operate separately as departments for budgetary control purposes. Review by the Finance Commission and approval by the City Council are required if an amendment is in excess of \$50,000 (amount not rounded). Amendments to the adopted General Fund budget for the fiscal year ended June 30, 2018, increased appropriations by \$604 to an amended total of \$211,974.

The legal level of control for the Orange County Great Park Funds is the budget category by department. Adjustments to the budget must be approved by the Orange County Great Park Board of Directors and a majority vote of the City Council. Amendments to the adopted Orange County Great Park budget increased appropriations by \$1,052 to an amended total of \$20,064.

The legal level of control for all governmental funds other than the General Fund and Orange County Great Park Funds is considered to be the fund level.

4. Budgets for the General, Special Revenue and Permanent Funds are adopted on a basis consistent with generally accepted accounting principles. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. Budgeted amounts contained within this report are the original and final amended amounts, as approved by the City Council. No budgetary comparisons are presented for the Capital Projects Funds since budgets are adopted on a project basis as opposed to an annual basis. Also, no budgetary comparisons are presented for the Internal Service and Fiduciary Funds.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

II. Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures over Appropriations

Other Governmental Funds

For the fiscal year ended June 30, 2018, expenditures for the Major Special Events Fund exceeded appropriations by \$12. Additional events were added to the schedule, increasing the need for personnel. These additional personnel costs were offset by revenue billed to and received from the event sponsors.

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City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds

A. Cash and Investments

Cash and investments, as of June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 836,589
Fiduciary funds:	
Cash and investments - Agency funds	122,522
Cash and investments - Pension trust funds	30,344
Cash and investments - Private purpose trust funds	5,088
	<hr/>
Total	157,954
	<hr/>
Total Cash and Investments	\$ 994,543
	<hr/> <hr/>

Cash and investments, as of June 30, 2018, consist of the following:

Cash on hand	\$ 21
Deposits with financial institutions	187
Cash with trustee	26,890
Investments	932,013
	<hr/>
Total	959,111
	<hr/>
Cash - Private-purpose trust funds	210
Cash and investments - Pension trust funds	30,344
Investments - Private-purpose trust funds	4,878
	<hr/>
Total	35,432
	<hr/>
Total Cash and Investments	\$ 994,543
	<hr/> <hr/>

Investments Authorized By the California Government Code and the City of Irvine's Investment Policy

The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250 by the Federal Deposit Insurance Corporation (FDIC). The following table identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also addresses interest rate risk, credit risk and concentration of credit risk by virtue of the limitations imposed by the California Government Code (or the City's investment policy, where more restrictive).

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Authorized Investment Type	Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasuries	5 years	None	None
U.S. Government Sponsored Enterprise Securities	5 years	None	None
Bankers' 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
Local Agency Investment Fund (LAIF)	N/A	25%	N/A
Municipal Bonds	5 years	25%	None
Corporate Medium Term Notes	5 years	15%	3%
Money Market Mutual Funds	N/A	20%	2%
Supranationals	5 years	10%	None

Investments Authorized By Bond Indentures

Investments of debt proceeds held by trustees are governed by provisions of the bond indentures rather than the general provisions of the California Government Code or the City's investment policy. The City's investment policy is designed to meet the objectives of safety, liquidity and yield.

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.

Information about the fair value sensitivity of the City's investments (including investments held by trustees) to market interest rate fluctuations is provided in the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Government Sponsored Enterprise Securities	\$ 552,377	\$ 206,575	\$ 153,966	\$ 191,836
Commercial Paper	203,479	203,479	-	-
U.S. Treasuries	120,049	-	-	120,049
Local Agency Investment Fund (LAIF)	49,280	49,280	-	-
Cash with Trustee	26,890	26,890	-	-
Money Market Mutual Funds	6,642	6,642	-	-
Municipal Bonds	5,064	4,764	300	-
	<u>\$ 963,781</u>	<u>\$ 497,630</u>	<u>\$ 154,266</u>	<u>\$ 311,885</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments (including investments held by trustees) in callable federal agency securities are highly sensitive to interest rate fluctuations. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

these securities and makes their fair values highly sensitive to changes in interest rates. The fair value of callable investments in the City's portfolio at June 30, 2018, is \$135,190.

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. Presented below is the minimum rating required by the California Government Code or the City's investment policy (where more restrictive), and the actual rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Not Rated	Rating as of June 30, 2018 - Standard & Poor's				
				AAAm	AA+	AA-	A-1+	A-1
U.S. Government Sponsored Enterprise Securities	\$ 552,377	N/A	\$ -	\$ -	\$ 552,377	\$ -	\$ -	\$ -
Commercial Paper	203,479	A-1	-	-	-	-	47,711	155,768
U.S. Treasuries	120,049	N/A	-	-	120,049	-	-	-
Local Agency Investment Fund (LAIF)	49,280	N/A	49,280	-	-	-	-	-
Cash with Trustee	26,890	N/A	26,890	-	-	-	-	-
Money Market Mutual Funds	6,642	AAA	-	6,642	-	-	-	-
Municipal Bonds	5,064	A2/A	-	-	-	5,064	-	-
	<u>\$ 963,781</u>		<u>\$ 76,170</u>	<u>\$ 6,642</u>	<u>\$ 672,426</u>	<u>\$ 5,064</u>	<u>\$ 47,711</u>	<u>\$ 155,768</u>

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 percent (excluding the fiscal agent cash portfolio) limitation. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5 percent or more of the City's investments are as follows:

Issuer	Investment Type	Fair Value
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	\$ 191,627
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	155,060
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	127,427
U.S. Treasuries	U.S. Treasuries	120,049
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	78,263

The City's fiscal agent cash portfolio is subject to the constraints of the investment policy in addition to the provisions of the bond indentures. Investments in any one issuer that represent 5 percent or more of the fiscal agent cash portfolio are as follows:

Issuer	Investment Type	Fair Value
Toyota Motor Corporation	Commercial Paper	\$ 32,691
Natixis NY Branch	Commercial Paper	32,364
JP Morgan Chase & Company	Commercial Paper	30,323
Credit Agricole Corporate & Investment Bank	Commercial Paper	23,846
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	21,234
MUFG Bank	Commercial Paper	19,276
GE Capital Treasury LLC	Commercial Paper	15,264
General Electric Company	Commercial Paper	14,346

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

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 investments, or collateral securities that are in the possession of another party.

The California Government Code requires that a financial institution secure deposits made by state or local government 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 fair value of the pledged securities in the collateral pool must equal to at least 110 percent of the total amount deposited by the public agencies. The City's investment policy further limits pledged securities for all City deposits to U.S. Treasury securities with a cost value equal to at least 110 percent of the deposit amount. The City's repurchase agreements must be secured by pledging U.S. Treasury securities and/or U.S. Government Agency securities with a cost value equal to at least 102 percent of the par amount plus accrued interest. All securities owned by the City with the exception of LAIF and a portion of the money market mutual funds are held in safekeeping with a custodial bank different from the City's primary bank. Securities are not held in broker accounts. Investments held by LAIF and money market mutual funds are registered in the City's name.

Custodial credit risk for deposits and investments held by bond trustees is the risk that the City will not be able to recover the value of its deposit or investment securities that are in the possession of an outside party. All deposits and securities held by bond trustees are in the name of the bond issue in trust for safekeeping with the bond trustee, which is different from the City's primary bank. As of June 30, 2018, uninsured and uncollateralized deposits held by trustee totaled \$21,962.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Cash and Investments - Pension Trust Funds

Defined Benefit Pension Plan Investments in the Plan are administered by the City's Defined Benefit Pension Plan Trustee and are subject to the investment policies stipulated in the Plan document rather than the general provisions of the California Government Code or the City's investment policy. Cash and investments of the Defined Benefit Pension Plan are included in the basic financial statements as of December 31, 2017. The fair values of the Plan investments have been determined by the respective unit price provided by the custodian as of December 31, 2017.

Defined Contribution Pension Plan The City's Defined Contribution Pension Plan Committee administers investment options in this Plan, which is subject to the investment policies stipulated in

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

the Plan document rather than the general provisions of the California Government Code or the City's investment policy. Cash and investments of the Defined Contribution Pension Plan are included in the basic financial statements as of December 31, 2017. Investments of the Plan are stated at fair value. The fair value of investments in open-end investment trusts are determined by the funds' quoted share price at December 31, 2017.

Agency Deposits

The agency deposits are funds which were seized during the course of local law enforcement activities and are held in trust pending a final asset forfeiture hearing by the Orange County District Attorney's Office. At the conclusion of each case, the District Attorney's Office informs the City of the required disposition of the funds, at which time, the City remits the seized amount plus interest as directed.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment or liability.

The following is a description of the recurring valuation methods and assumptions used by the City to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by City's asset manager from third party service provider.

For a large portion of the City's portfolio, the City's asset manager applies their leveling methodology across all securities in a specific sector (i.e. U.S. Government Sponsored Agency Securities). Inputs to their pricing models are based on observable market inputs in active markets.

The City has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

Investment Type	Amount	Investment not Measured at Fair Value	Level		
			1	2	3
U.S. Government Sponsored Enterprise Securities	\$ 552,377	\$ -	\$ 552,377	\$ -	\$ -
Commercial Paper	203,479	-	-	203,479	-
U.S. Treasuries	120,049	-	120,049	-	-
Local Agency Investment Fund (LAIF)	49,280	49,280	-	-	-
Cash with Trustee	26,890	26,890	-	-	-
Money Market Mutual Funds	6,642	6,642	-	-	-
Municipal Bonds	5,064	-	5,064	-	-
	<u>\$ 963,781</u>	<u>\$ 82,812</u>	<u>\$ 677,490</u>	<u>\$ 203,479</u>	<u>\$ -</u>

Restricted Cash

Cash and investments in the Senior Services Permanent Fund, consisting of proceeds from permanent fund contributions totaling \$813 at June 30, 2018, were nonspendable or restricted per terms of an agreement between the Irvine Senior Foundation and the City.

B. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land, as restated	\$ 641,566	\$ 31,720	\$ 1,094	\$ 672,192
Construction in progress	36,746	50,186	5,365	81,567
Total capital assets not being depreciated, as restated	678,312	81,906	6,459	753,759
Capital assets, being depreciated:				
Buildings and systems, as restated	136,642	29,950	-	166,592
Improvements other than buildings	193,889	32,024	-	225,913
Machinery and equipment	36,043	3,368	3,269	36,142
Infrastructure	1,635,560	98,940	-	1,734,500
Total capital assets being depreciated, as restated	2,002,134	164,282	3,269	2,163,147
Less accumulated depreciation for:				
Buildings and systems, as restated	(62,806)	(3,521)	-	(66,327)
Improvements other than buildings	(77,865)	(11,085)	-	(88,950)
Machinery and equipment	(25,145)	(3,109)	3,091	(25,163)
Infrastructure	(931,507)	(58,997)	-	(990,504)
Total accumulated depreciation, as restated	(1,097,323)	(76,712)	3,091	(1,170,944)
Total capital assets, being depreciated, net, as restated	904,811	87,570	178	992,203
Governmental activities capital assets, net, as restated	\$ 1,583,123	\$ 169,476	\$ 6,637	\$ 1,745,962

See Notes III H for details on the restatements to the beginning balances of certain capital asset classifications.

Museum Collections

The Orange County Great Park (OCGP) has acquired airplane collections for the future museum at the Orange County Great Park. The requirement to capitalize these collections is waived because the OCGP collections are held for reasons other than financial gain; the collection is protected, kept unencumbered, cared for, and preserved; and the collection is subject to the City's policy requiring the proceeds from sales of collection items be used to acquire other items for collections.

Depreciation expense was charged to City functions/programs as follows:

General Government	\$ 1,361
Public Safety	196
Public Works	12,476
Community Services	1,360
Internal Service Funds Depreciation-charged to programs based on asset usage	2,322
Allocated Depreciation	17,715
Unallocated Infrastructure Depreciation	58,997
Total Depreciation Expense - Governmental Activities	\$ 76,712

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Construction Commitments

The City has active construction projects as of June 30, 2018. The projects include signals, streets and drainage, bridges, parks, trails, landscape and facilities. At fiscal year-end, the City's encumbrances with contractors were as follows:

	Remaining Commitments
Street and drainage	\$ 18,953
Facilities	2,971
Traffic signal projects	1,130
Bridges	458
Landscape and streetscape	119
Parks	67
Trails	24
Total	<u>\$ 23,722</u>

Special assessment bonds that will be repaid by the benefiting property owners are financing the special assessment commitments. A mixture of outside federal and state grants supplemented by City funding finances the other commitments. City funding includes General Fund transfers, Gas Tax, and Measure M Turnback funding as well as various types of development fees.

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	Orange County Great Park	\$ 22
General Fund	Other Governmental Funds	124
	Total	<u>\$ 146</u>

The interfund balance of \$146 is a combination of \$124 to cover the Major Special Events Fund negative cash, due to timing of collection of receivables and \$22 is due to the Maintenance District for street lighting and landscape maintenance for the Community Facilities District, Great Park Improvement Area No. 1.

Interfund Transfers:

	Transfers in:					
	General Fund	Orange County Great Park Development	Capital Improvement Projects	Other Governmental Funds	Internal Service Funds	Total
Transfers out:						
General Fund	\$ -	\$ -	\$ 56	\$ 6,566	\$ 850	\$ 7,472
Orange County Great Park	100	10,899	-	22	-	11,021
Local Park Fees	-	2,990	-	132	-	3,122
Other Governmental Funds	67	4,226	6,373	13,625	75	24,366
Internal Service Funds	200	-	-	1,325	-	1,525
Total	<u>\$ 367</u>	<u>\$ 18,115</u>	<u>\$ 6,429</u>	<u>\$ 21,670</u>	<u>\$ 925</u>	<u>\$ 47,506</u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Transfers provided funding for the development of capital projects, as well as capital acquisitions. Transfers are used to move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them and the use of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

D. Leases

Operating Revenue Lease

The City has various operating lease rental agreements producing annual rental revenue to the Orange County Great Park and the General Fund.

Orange County Great Park

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 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 green waste recycling, office/manufacturing buildings, farming and other uses of the property.

A lease with Tierra Verde Industries that 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 \$116 for an annual rental of \$464. An additional \$0.69 per ton is charged as a Green Waste Host Fees and the amount collected as of June 30, 2018, was \$530. 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, 2018, was \$93.

A farming lease with El Toro Farms, LLC to grow strawberries and vegetable crops began in July 2005 and has been renewed over the years. The lease terminates June 30, 2019. Rental revenue at June 30, 2018, was \$31.

A lease with Orange County Produce to grow strawberries and other crops began in July 2010. The lease terminates June 30, 2019. Rental revenue at June 30, 2018, was \$36.

A lease with AMCI/Omnicom for the use of other sites within OCGP is month to month with \$297 received in the fiscal year ended June 30, 2018.

The future minimum rental revenue to be received from the aforementioned operating leases, as of June 30, 2018, is as follows:

Fiscal Year Ending June 30	Annual Rent
2019	\$ 1,038

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

General Fund

The City has ongoing operating lease agreements for farming, retail space, right of way, facilities, and cell sites which expire at various dates through 2040. Rental revenue reported by the operating lease agreements for the fiscal year ended June 30, 2018, amounted to \$763. The future minimum rental revenue to be received from the aforementioned operating leases, as of June 30, 2018, is as follows:

Fiscal Year Ending June 30	Annual Rent
2019	\$ 487
2020	387
2021	369
2022	345
2023	350
2024-2028	1,781
2029-2033	1,414
2034-2038	824
Thereafter	9
	\$ 5,966

E. Changes in Long-term Liabilities

For the fiscal year ended June 30, 2018, changes in long-term liabilities are as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Long- Term	Due Within One Year
Compensated absences	\$ 13,299	\$ 4,785	\$ 4,145	\$ 13,939	\$ 9,903	\$ 4,036
Claims payable	15,136	2,878	2,387	15,627	11,512	4,115
Total Long-Term Liabilities	\$ 28,435	\$ 7,663	\$ 6,532	\$ 29,566	\$ 21,415	\$ 8,151

F. Special Assessment Debt with No City Commitment

The City issued special tax and assessment bonds on behalf of the property owners, pursuant to the Improvement Bond Act of 1915 and the Mello-Roos Community Facilities Act of 1982, to finance the acquisition and construction of certain infrastructure improvements within the assessment districts and community facilities districts.

The City acts solely as an agent for those paying special tax and assessments and remits the amounts collected to the bondholders of these variable and fixed rate Improvement Bond Act of 1915 and Mello-Roos Community Facilities Act of 1982 issues. The City is acting as an agent and is in no way liable for the Special Tax and Assessment debt.

The bonds are not general obligations of the City but are limited obligations, payable solely from special tax and assessments. The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment and community facilities district bond payments. If delinquencies occur beyond the amounts held in the reserve funds that are created from bond proceeds, the City has no duty to pay the delinquency out of the available funds of the City. Neither the faith and credit nor the taxing power of the City, or the State of California, or any political subdivision thereof is pledged to the payment of these bonds.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Non-committal debt amounts issued and outstanding at June 30, 2018, are as follows:

Variable Rate Issues		Bonds Issued	Bonds Outstanding
07-22	Stonegate	\$ 40,000	\$ 7,905
05-21	Orchard Hills	79,265	31,644
04-20	Portola Springs	78,605	26,391
03-19	Woodbury	121,600	42,517
00-18	Shady Canyon/Turtle Ridge/Quail Hill	84,800	8,683
85-7	Irvine Spectrum 1, 3, and 4	41,150	31,442
87-8	Irvine Spectrum 5	74,700	14,238
93-14	Irvine Spectrum 6 and 7	72,400	54,537
94-13	Oak Creek	61,600	16,107
94-15	Westpark II	32,700	2,321
97-16	Northwest Irvine	60,000	25,168
97-17	Lower Peters Canyon East	95,000	32,054
Total Variable Rate Issues		841,820	293,007
Fixed Rate Issues		Bonds Issued	Bonds Outstanding
04-20	Portola Springs 2013	11,795	11,105
04-20	Portola Springs 2014	14,460	13,880
04-20	Portola Springs 2015	21,485	21,485
04-20	Portola Springs 2017	30,200	30,200
05-21	Orchard Hills 2014	74,860	71,980
05-21	Orchard Hills 2016	16,235	16,235
05-21	Orchard Hills 2017	19,500	19,500
07-22	Stonegate	28,350	25,845
10-23	Laguna Altura	12,695	12,215
11-24	Cypress Village	38,655	27,940
13-25	Eastwood	34,430	34,430
12-1	Reassessment District	126,220	80,180
13-1	Reassessment District	80,755	63,550
15-1	Reassessment District	47,360	38,865
15-2	Reassessment District	50,625	47,615
CFD 2004-1	Central Park	18,510	17,960
CFD 2005-2	Columbus Grove	16,975	14,635
CFD 2013-3	Great Park 2014	72,700	72,610
CFD 2013-3	Great Park 2016	135,835	135,055
Total Fixed Rate Issues		851,645	755,285
Total All Issues		\$ 1,693,465	\$ 1,048,292

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

G. Fund Balance Classifications

Fund balances in the governmental funds at June 30, 2018 have been classified as follows:

	General	Orange County Great Park	Orange County Great Park Development	Capital Improvement Projects	Local Park Fees	Community Facilities Districts	Other Governmental Funds	Total Governmental Funds
Non Spendable								
Endowment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 499	\$ 499
Prepaid expenditures	5	-	-	-	-	-	-	5
Subtotal	5	-	-	-	-	-	499	504
Restricted for:								
Capital improvement projects	-	-	-	-	-	25,854	99,775	125,629
Park & public facilities	-	-	-	-	115,557	-	1,376	116,933
Great Park development and operations	-	28,049	-	-	-	-	-	28,049
Circulation improvement	-	-	-	23	-	-	208,866	208,889
Community services activities	-	-	-	-	-	-	50	50
Animal care activities	-	-	-	-	-	-	555	555
Public service activities	-	-	-	-	-	-	351	351
Contingency reserve	5,401	-	-	-	-	-	-	5,401
Development activities	459	-	-	-	-	-	-	459
Low-income housing activities	-	-	-	-	-	-	13,412	13,412
Air quality improvement activities	-	-	-	-	-	-	451	451
Public safety programs	-	-	-	-	-	-	2,689	2,689
Public education	-	-	-	-	-	-	1,156	1,156
Public transportation	-	-	-	-	-	-	877	877
Senior nutrition programs and activities	-	-	-	-	-	-	436	436
Open space maintenance	76	-	-	-	-	-	-	76
Other programs and activities	-	-	-	-	-	-	38	38
Subtotal	5,936	28,049	-	23	115,557	25,854	330,032	505,451
Committed to:								
Capital improvement projects	-	-	-	-	-	-	321	321
Park & public facilities	-	-	-	-	-	-	16,537	16,537
Circulation improvements	-	-	-	30,604	-	-	7,722	38,326
Contingency reserve	36,811	-	-	-	-	-	-	36,811
Public facilities improvements	-	-	-	-	-	-	20,391	20,391
Public safety services	-	-	-	-	-	-	94	94
Lighting, landscape, & park maintenance	-	-	-	-	-	-	1,240	1,240
Subtotal	36,811	-	-	30,604	-	-	46,305	113,720
Assigned to:								
Park & public facilities and operations	-	-	6,861	-	-	-	4,416	11,277
Circulation improvements	-	289,812	-	-	-	-	-	289,812
Compensated absences	6,516	-	-	219	-	-	-	219
Development activities	3,344	-	-	-	-	-	-	6,516
Education	2,161	-	-	-	-	-	-	3,344
Infrastructure and rehabilitation	60,415	3,325	-	-	-	-	-	2,161
Technology innovation	165	-	-	-	-	-	-	63,740
Subtotal	72,601	293,137	6,861	219	-	-	4,416	165
Unassigned:	9,788	-	-	-	-	-	(2,196)	377,234
Total	\$ 125,141	\$ 321,186	\$ 6,861	\$ 30,846	\$ 115,557	\$ 25,854	\$ 379,056	\$ 1,004,501

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

H. Restatement

Fund balance/net position at July 1, 2017, has been restated to reflect the following changes:

Fund	Fund Balance as July 1, 2017 Previously Reported	Restatement	Fund Balance at July 1, 2017 as Restated
Governmental Funds	\$ 1,085,470	\$ (40,694)	\$ 1,044,776

Fund	Net Position as July 1, 2017 Previously Reported	Restatement	Fund Balance at July 1, 2017 as Restated
Governmental Activities	\$ 2,618,787	\$ (57,575)	\$ 2,561,212

At the beginning of the fiscal year, the Irvine Community Land Trust (Land Trust) amended its bylaws regarding the number and type of directors and approvals of its expenditures. As a result of this amendment, the Land Trust is no longer a blended component unit of the City. It is presented as a component unit in a separate column in the government-wide statements. The cumulative effect of the change in accounting principle for the governmental funds is a reduction of (\$40,694) in fund balance.

The government-wide beginning net position had a net restatement of (\$57,575) due to the change in accounting principal from the Land Trust and the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Below are the various components of the government-wide restatement:

	Restatement
Land Trust reported as a discretely presented component unit	\$ (40,694)
Adjust receivable, due to component unit, to net present value	6,343
Net effect of restating the following without the Land Trust:	
Capital assets	(18,192)
Notes receivable	(435)
Implementation of GASB Statement No. 75, net effect	(4,597)
Total	<u>\$ (57,575)</u>

I. Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court (Court) upheld Assembly Bill 1 X 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Irvine that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the successor agency (Successor Agency) to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Council Resolution number 12-10.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor Agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

City Housing Successor

On January 10, 2012, and pursuant to both the Bill and City Council Resolution number 12-11, the City, through the City Council, elected to retain the housing assets and functions of the former redevelopment agency. There are no longer any assets, liabilities, or financial activity in the Housing Successor, therefore, no financial schedules are present in the Supplemental Schedules.

Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments	<u>\$ 5,088</u>
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Advances from the City of Irvine

Advances payable to the City for the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Advances from the City - Settlement agreement	\$ 259,691	\$ -	\$ 23,729	\$ 235,962
Total	<u>\$ 259,691</u>	<u>\$ -</u>	<u>\$ 23,729</u>	<u>\$ 235,962</u>

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 and the City disbursing 10 percent of the settlement received to the Irvine Community Land Trust. As of June 30, 2018, the outstanding balance due to the City is \$235,962.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Insurance Coverage

Insurance coverage has been obtained by the City of Irvine for the City and all authorities under its control. Information related to the Successor Agency's insurance coverage can be obtained by contacting the City.

J. Discretely Presented Component Unit

Organization and Nature of Business

The Irvine Community Land Trust (Land Trust) was incorporated in the State of California in 2006 under the California Nonprofit Public Benefit Corporation law for charitable purposes under Public Charity Status of 509(a)(3). The primary purpose of the Land Trust is to lessen the burdens of government by assisting the City to ensure that its residents are able to secure housing by, among other things, developing, constructing, financing, managing, selling, renting, subsidizing, and monitoring single and multifamily housing, and to conduct or perform any ancillary or related activity in furtherance of the foregoing.

The Land Trust receives its primary income from rental activities and contributions from the City.

Capital Assets

Capital assets activity for the Land Trust for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Component Unit Activities:				
Capital assets, not being depreciated:				
Land	\$ 16,000	\$ -	\$ -	\$ 16,000
Total capital assets not being depreciated	16,000	-	-	16,000
Capital assets, being depreciated:				
Buildings and systems	2,668	-	-	2,668
Machinery and equipment	-	4	-	4
Total capital assets being depreciated	2,668	4	-	2,672
Less accumulated depreciation for:				
Buildings and systems	(476)	(89)	-	(565)
Machinery and equipment	-	(2)	-	(2)
Total accumulated depreciation	(476)	(91)	-	(567)
Total capital assets, being depreciated, net	2,192	(87)	-	2,105
Component unit activities capital assets, net	<u>\$ 18,192</u>	<u>\$ (87)</u>	<u>\$ -</u>	<u>\$ 18,105</u>

Depreciation expense charged to the Land Trust was \$91.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Notes Receivable

The Land Trust has entered into several low interest loan agreements with developers for the development of residential rental units and related improvements. The interest rate on these loans range from 1 percent to 3 percent. Payment of principal and interest are due from available positive net cash flow derived from the developers' operations of the rental units or due and payable in a lump-sum payment on the maturity date which is 30 year after all units in the project have received all required occupancy permits from the City. Notes receivable to the Land Trust for the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Principal	\$ 4,394	\$ -	\$ 23	\$ 4,371
Interest	417	101	16	502
	<u>\$ 4,811</u>	<u>\$ 101</u>	<u>\$ 39</u>	<u>\$ 4,873</u>

Settlement Income and Receivable

On October 27, 2014, a settlement agreement was entered into that resolved lawsuits filed by the City, Successor Agency, and Land Trust against the State of California. The lawsuit was related to debts owed by the former Redevelopment Agency to the City and Land Trust that the State Department of Finance denied property tax funding. The agreement provides the Land Trust will receive a minimum of \$14,600 from the amounts received by the City. In January 2016, the City Council voted to increase the amount of funds dedicated to the Land Trust by an additional \$14,600, for a total amount due of \$29,200. The amount has been discounted at a rate of 6 percent to achieve an estimated value at June 30, 2018, of \$18,812.

On the fund financial statements, the amount due to the Land Trust is not discounted and reported as due to component unit. The amount due to the component unit at June 30, 2018, was \$23,596.

K. Subsequent Events

On September 19, 2018, the City issued Community Facilities District No. 2013-3 (Great Park) Improvement Area No. 8 Special Tax Bonds, Series 2018, in the principal amount of \$72,420 to provide funds to (a) pay the costs of the acquisition and construction of certain public facilities necessary for the development of the District, (b) fund a reserve fund for the bonds, (c) pay certain administrative expenses relating to the bonds, and (d) pay the costs of issuing the bonds.

In September 2006, the City Council approved a development agreement for Planning Area 39, Los Olivos. The agreement included a provision that over multiple years, 15 acres of land would be donated to the City for affordable housing. As of June 30, 2018, the City has received 9.6 of the 15 acres. The additional 5.4 acres of land for affordable housing will be donated by December 2023.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information

A. Risk Management

The City uses a combination of insured and self-insured programs to finance its property and casualty risk. The City is self-insured for workers' compensation, automobile and general liability risks. Excess liability coverage above \$350 per occurrence and a \$3,000 aggregate is provided through a risk-sharing pool, the California Insurance Pool Authority (CIPA). CIPA also purchases excess liability coverage up to a \$43,000 limit for the pool. Excess workers' compensation coverage above \$300 per occurrence and up to \$3,000 is provided through CIPA. Property risk is financed through insurance contracts and has various limits and deductibles.

The City is a member of CIPA in order to jointly purchase insurance coverage and to share costs for professional risk management, claim administration, and group purchasing of insurance products with 12 other cities from Orange, Los Angeles, and San Bernardino Counties. Premiums paid during the fiscal year ended June 30, 2018, were \$2,327. CIPA uses independent actuaries and underwriters to determine premiums and help set insurance limits and deductible levels. The pool is managed by an independent general manager and contracted legal advisers. Three internal subcommittees are made up of City members to provide direction on underwriting and claims activities. The Governing Board of CIPA is comprised of one member from each participating City and is responsible for the selection of the independent general manager, legal counsel and electing subcommittee members.

The City retains a risk of loss due to the fact that actual losses may exceed estimated claims or coverage amounts. Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years, and there were no reductions in the City's coverage during the fiscal year ended June 30, 2018. All self-insurance activity is reported in the City's Self-Insurance Internal Service Fund.

At June 30, 2018, \$15,627 had been accrued for general liability and workers' compensation claims in the fund. This amount represents the estimated outstanding losses including case reserves, the development on known claims and incurred but not reported claims based upon past experience, modified for current trends and information, including all claims adjustment expenses. The liabilities included in the self-insurance fund are based on the results of an actuarial review performed during the 2017-18 fiscal year. It is the City's policy to assess its risk exposure periodically.

Changes in the aggregate liability for claims since July 1, 2016, resulted in the following:

	Workers' Compensation	General Liability	Total
Liability Balance, July 1, 2016	\$ 11,678	\$ 2,892	\$ 14,570
Changes in estimates	2,818	906	3,724
Claim payments during 2016-2017	(1,789)	(1,369)	(3,158)
Liability Balance, June 30, 2017	<u>12,707</u>	<u>2,429</u>	<u>15,136</u>
Changes in estimates	2,881	(3)	2,878
Claim payments during 2017-2018	(2,135)	(252)	(2,387)
Liability Balance, June 30, 2018	<u>\$ 13,453</u>	<u>\$ 2,174</u>	<u>\$ 15,627</u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant and plaintiff in several pending lawsuits arising out of matters incidental to the operation of the City. Although the outcome of these lawsuits cannot be determined at present, management estimates that any potential claims against the City not covered by insurance resulting from such litigation will not materially affect the City's financial condition.

C. Other Post Employment Benefits

Voluntary Employees' Beneficiary Association

Plan Description The Voluntary Employees' Beneficiary Association (VEBA) known as "Premium Reimbursement Plan of the Irvine Employees Benefit Trust" is a defined contribution welfare benefit plan. The Plan provides health insurance premium and medical expense reimbursement benefits to retirees. The Plan was established by the Irvine Police Association (IPA), and later joined by the Irvine City Employees Association (ICEA) and Association of Supervisory and Administrative Personnel (ASAP). Separate accounts are maintained under the trust agreement for the three member groups but the amounts administered are pooled within each employee group. Eligible retirees receive a monthly reimbursement of health insurance premiums and eligible expenses under the plan in an amount to be determined by the Board of Trustees, from time to time, based on years of service. Eligibility requires five years of active service and five years of mandatory contributions to the plan. The Plan is administered by Benefit Solutions Inc. under the provisions of IRS Code Section 501(c)(9).

Funding Policy Participants and the City are required to contribute to the plan at a percentage of base pay per the various employee associations' Memorandum of Understanding (MOU). The contribution requirements of plan members and the City are established and may be amended by the MOU with the various employee associations. For the year ended June 30, 2018, employer contributions were \$1,235 and participant contributions were \$1,075. Copies of the MOUs may be obtained from City Hall.

Retirement Health Savings

Plan Description The City provides post retirement medical benefits to management, Irvine Professional Employees Association (IPEA), and non-represented employees in the form of contributions to a defined contribution Retiree Health Savings Plan (RHS). Employer contribution rates to the Plan are determined by negotiation between the City and the employee association and detailed along with other wage and benefit issues in MOU between those entities. Copies of the MOU may be obtained from City Hall.

Funding Policy The City is required to contribute 2 or 3 percent of base salary depending on the employee association's MOU. For the year ended June 30, 2018, the City contributed \$291 to the RHS plan. The Plan is administered by Meritain Health.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
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IV. Other Information (Continued)

Other Post Employment Benefits (OPEB)

Plan Description The City administers a single employer health care plan. The Plan provides retirees the ability to purchase healthcare insurance benefits through the City's group health insurance plans, which cover both active and retired employees. This benefit coverage is determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in MOUs between those entities. Copies of the MOUs may be obtained from City Hall. Employees who retire directly from the City and obtain the following are eligible to continue medical coverage as a participant with active employees at a blended premium rate, as an implied subsidy:

Employee Group

Miscellaneous (Non-Sworn) Either attain the age of sixty years or is fifty years or older and has completed five years of service with the City.

Sworn Has completed fifteen years of service with the City or ten years of service and has reached the age of at least fifty years, or who has been medically retired at any age.

A separate financial report is not issued for the OPEB plan.

Employees Covered As of June 30, 2018, actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

	(not rounded)
Active employee	770
Inactive employees or beneficiaries currently receiving benefits	93
Total	<u>869</u>

Contributions The OPEB Plan and its contribution requirements are established by MOU with the applicable employee associations and maybe amended by negotiation between the City and the associations. The retired plan members receiving benefits make contributions at the premium rates identical to those charged for the City's active employees. While the City does not directly contribute towards the cost of the premium, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an "implicit subsidy." The implicit subsidy is considered to be another post-employment benefit of the City. For the year ended June 30, 2018, the City's contribution (implicit subsidy) was \$380.

Net OPEB Liability The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial methods and assumptions:

Discount rate	3.62%
Salary increases	3.00%
Investment rate of return	3.62%
Mortality rate	A
Healthcare trend rate	6.00% for 2018; 5.00% for 2019 and later years

A: Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

City of Irvine
Notes to the Basic Financial Statements
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IV. Other Information (Continued)

Discount Rate The discount rate used to measure the total OPEB liability was 3.62 percent. GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investment – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AAA/Aa or higher – to the extent that the conditions in (a) are not met.

Based on the requirements of GASB75, the City is using the Fidelity General Obligations 20-year Index at June 30, 2018.

Changes in the OPEB Liability The following table displays the changes in the net OPEB liability recognized over the measurement period:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at: 6/30/2017	\$ 6,446	\$ -	\$ 6,446
Changes for the year:			
Service cost	490	-	490
Interest expense	227	-	227
Changes in assumptions	-	-	-
Contributions-employer	-	380	(380)
Net investment income	-	-	-
Benefit payments	(380)	(380)	-
Administrative expenses	-	-	-
Net Change	337	-	337
Balance at: 6/30/2018	\$ 6,783	\$ -	\$ 6,783

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate The following presents the net OPEB liability of the City as the measurement date, calculated using the discount rate of 3.62 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.62 percent) or 1 percentage-point higher (4.62 percent) than the current rate.

	Discount Rate -1% 2.62%	Current Discount Rate 3.62%	Discount Rate +1% 4.62%
Net OPEB Liability	\$ 7,379	\$ 6,783	\$ 6,250

City of Irvine
Notes to the Basic Financial Statements
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IV. Other Information (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates The following presents the net OPEB liability of the City if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (5.00 percent decreasing to 4.00 percent) or 1 percentage-point higher (7.00 percent decreasing to 6.00 percent) than the current healthcare trend rates, for the measurement period ended June 30, 2018:

	1% Decrease 5.00% decreasing to 4.00%	Healthcare Cost Trend Rates 6.00% decreasing to 5.00%	1% Increase 7.00% decreasing to 6.00%
Net OPEB Liability	\$ 6,146	\$ 6,783	\$ 7,520

Recognition of Deferred Outflows and Deferred Inflow of Resources Gains and losses related to changes in the total OPEB liability and fiduciary net position are recognized in OPEB expense systematically overtime.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual 5 year straight-line amortization
earnings on OPEB plan investment

All other amounts Amortization over the average remaining service lifetime

OPEB Expense and Deferred Outflows and Deferred Inflow of Resources Related to OPEB As of the start of the measurement period (July 1, 2017), the net OPEB liability/(asset) was \$6,446. For the measurement period ending June 30, 2018 (the measurement date), the City incurred a pension expense of \$717 for the plan.

D. Employee Retirement Systems and Pension Plans

City of Irvine Defined Benefit Pension Plan

Plan Description Prior to February 2, 2002, the City provided pension benefits for all of its sworn employees through the City of Irvine Defined Benefit Pension Plan. On February 2, 2002, the City contracted with the California Public Employees' Retirement system (CalPERS) to provide retirement benefits for sworn employees. The City of Irvine Defined Benefit Pension Plan is a single-employer defined benefit pension plan established by City resolution and administered in accordance with the provisions of the Plan document adopted on April 1, 1975, and subsequently restated on January 1, 1984, July 1, 1996, January 1, 2004, and January 1, 2012. The Plan is closed to new participants. An actuarial valuation is performed annually to determine the actuarial implication of the Plan's funding policy. The last actuarial valuation date was December 31, 2017. The City issues a publicly available financial report that includes financial statements and required supplementary information for the City of Irvine Defined Benefit Pension Plan. Copies of the annual financial report may be obtained from City Hall.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

IV. Other Information (Continued)

Benefit Provided The City Defined Benefit Pension Plan provides retirement, annual cost of living adjustment, death and disability benefits to certain sworn employees. Benefits are based on years of credited service, equal to one year of full time employment. The Plan's provisions and benefits in effect at:

Hire Date	Prior to February 2, 2002
Benefit formula	2.50% at 50
Benefit vesting schedule	10 years of services
Benefit payments	Monthly for life
Retirement age	50 - 55
Monthly benefits, as a percentage of eligible compensation	2.50% to 3.00%

Employees Covered At December 31, 2017 (valuation date), the following employees were covered by the benefit terms for the Plan.

	(not rounded)
Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	2
Active employees	3
Total	<u>36</u>

Contribution Description The City of Irvine Defined Benefit Pension Plan as restated January 1, 2012, Section 9 states the employer shall regularly make contribution under the Plan which, together with the assets held in the Trust Fund, will be adequate to finance the Plan's benefits on an actuarial basis consistent with the funding policy adopted for the Plan by the Administrator. The total plan contributions are determined through an annual actuarial process. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employee. The fiscal year 2017-18 employer contribution rates were are follows:

	Normal Cost	Unfunded Liabilities
July 1 to December 31, 2017	23.146%	31.862%
January 1 to June 30, 2018	29.607%	25.188%

Employees covered under the Plan contributed 9 percent of pensionable-base compensation. Beginning August 11, 2014, as part of an agreement to cost share in the City's required contribution, employees covered under this Plan contributed an additional 3 percent over a two year period. The total employee contribution has increased to 12 percent of pensionable-base compensation.

Net Pension Liability The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of December 31, 2016, using an annual actuarial valuation as of December 31, 2016, rolled forward to December 31, 2017, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

City of Irvine
Notes to the Basic Financial Statements
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IV. Other Information (Continued)

Actuarial Assumptions The total pension liabilities in the December 31, 2017, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	December 31, 2016
Measurement date	December 31, 2017
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	5.50%
Inflation	3.00%
Salary increases	5.00%
Mortality	1983 Group Annuity Mortality Table-Male ⁽¹⁾
Post-retirement benefit increase	2.00%

- ⁽¹⁾ 1983 Group Annuity Mortality Table-Male use for post-retirement mortality rates is experience based. Most members of this plan are disabled. As such, mortality projections have been considered and deemed inappropriate for the group as a whole.

Asset Allocation The asset allocation policy developed herein is based on an evaluation of the Plan's ability to assume modest investment risk in light of its financial and benefit-related goals and objectives, the Plan's liability structure and the few remaining active participants after the implementation of CalPERS pension alternative.

The Plan's cash flow needs can vary significantly based on the anticipated number of elections for lump-sum payments versus annuity payments, as well as the number and amount of disability benefits being paid. The Trustees recognize that it is difficult to currently assess these variables and that each can have significant impact on liabilities that will need to be paid.

The Trustees, for purposes of range setting this policy, have determined that all Plan assets will be invested in accordance with the following investment guidelines:

Investment Type	Range	Target
Fixed Income / GICs	65 - 75 %	70.00 %
Domestic Large-Cap Stocks	9 - 30 %	19.00 %
Domestic Small-Cap Stocks	2 - 8 %	4.50 %
International Stocks	3 - 10 %	6.50 %
Cash*	0 - 100 %	0.00 %

*To accommodate the payment of withdrawals and benefits.

- The target balance of investments is expected, over a market cycle of four to six years, to provide a return in the range of 5-7%.
- The Trustees believe these guidelines to be appropriate in view of liabilities and the current market/economic environment. While these guidelines are meant to be long term in nature, they will be changed when warranted by further reviews of these conditions.
- The Trustees acknowledge that guidelines will be further defined as managers or funds are reviewed and/or selected and provided instruction.

Change in Assumptions There were no changes in assumptions during the measurement period December 31, 2017.

City of Irvine
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IV. Other Information (Continued)

Changes in the Net Pension Liability The following table shows the changes in net pension liability recognized over the measurement period:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at: 12/31/2016	\$ 20,303	\$ 19,206	\$ 1,097
Changes for the year:			
Service cost	81	-	81
Interest expense	1,086	-	1,086
Change of assumptions	(261)		(261)
Differences between expected and actual experience	283	-	283
Contributions-employer	-	184	(184)
Contributions-employee	-	45	(45)
Net investment income	-	1,761	(1,761)
Benefit payments, including refunds of employee contributions	(1,198)	(1,198)	-
Administrative expenses	-	(84)	84
Net Change	(9)	708	(717)
Balance at: 12/31/2017	\$ 20,294	\$ 19,914	\$ 380

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 5.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.50 percent) or 1 percentage-point higher (6.50 percent) than the current rate:

	Discount Rate -1% 4.50%	Current Discount Rate 5.50%	Discount Rate +1% 6.50%
Plan's Net Pension Liability / (Assets)	\$ 2,606	\$ 380	\$ (1,499)

Subsequent Events Effective January 1, 2018, the rate of retirement assumptions were updated as follow:

- Current – 15 percent from age 50 to 59, 100 percent at age 60.
- Previous – 50 percent at age 50, 20 percent from age 51 to 54, 100 percent at age 55.

This change to the rate of retirement assumptions was made to more accurately reflect plan experience and resulted in a decrease in the accrued liability, and an increase in the normal cost. The net change resulted in a small increase in the minimum required contribution for January 1, 2018 to December 31, 2018.

Recognition of Gains and Losses Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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IV. Other Information (Continued)

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Amortization over the average remaining service period of actives and inactive (one year of future service is assumed for inactive for this calculation).

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions As of the start of the measurement period (January 1, 2017), the net pension liability/(asset) was \$1,097. For the measurement period ending December 31, 2017 (the measurement date), the City incurred a pension expense/(income) of \$176 for the Plan.

As of December 31, 2017, the City has deferred outflows and deferred inflows of resources related to pensions were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Contributions made after the measurement date	119	-
Net difference between projected and actual earnings on pension plan investments	-	288
Total	<u>\$ 119</u>	<u>\$ 288</u>

The \$119 reported as deferred outflow of resources related to the contribution made after the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ending December 31,	Deferred Outflows/(Inflows) of Resources
2018	\$ (22)
2019	42
2020	(161)
2021	(147)
2022	-
Thereafter	-

City of Irvine Defined Contribution Pension Plan

Plan Description The City provides pension benefits through the City of Irvine Defined Contribution Pension Plan for those full time non-sworn employees who elected not to participate in CalPERS in 2003. The City is responsible for the administration of the Plan with the City Council having the

City of Irvine
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IV. Other Information (Continued)

authority to amend or terminate contribution provisions. Retirement benefits depend on amounts contributed plus investment earnings. Until July 2004, non-sworn full time employees were eligible to participate from the date of employment; however, the Plan is closed to new participants. Employer and employee contribution rates to the Plan are determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in MOUs between those entities. Copies of the annual financial report and MOUs may be obtained from City Hall.

Funding Policy Effective July 1, 2003, eligible participants were required to contribute 4 percent of their base compensation into the Plan and the City's contributions were 15 percent of participants' basic compensation. Effective August 10, 2012, pursuant to agreements with the City's employee associations, the City contributes 12.4 percent of the participants' base compensation, and eligible participants contributes 6.5 percent of their base compensation into the plan. Plan participants have the right to 100 percent of contributions made on their behalf and related earnings upon their death, permanent and total disability or upon attainment of normal retirement age, 59.5 under the Plan. If employment terminates prior to normal retirement age for reasons other than death, or permanent and total disability, the participant will achieve 50 percent vesting upon successful completion of a six month probationary period or 55 percent vesting upon successful completion of a one-year probationary period. Following the probationary period, the participant will retain 5 percent vesting for each plan year in which the participant attains 1,000 hours of the credited service until the completion of the fifth year when full vesting will occur.

At December 31, 2017, the Plan had 52 members, consisting of 8 active members, and 44 terminated members. All 52 members are fully vested in the Plan. Total Plan assets were \$10,465. Effective April 1996, the Plan became participant-directed. Participants may direct investment of employer contributions and earnings in 1 percent increments among investment options with the third party administrator, Wells Fargo Bank.

Employer contributions to the Plan during the fiscal year ended December 31, 2017 were \$114 and participant contributions were \$48. For additional details concerning the transition to CalPERS, see the note below related to miscellaneous (non-sworn) employees.

CalPERS Defined Benefit Pension Plan

Plan Description The City provides pension benefits to eligible full-time and extended part-time employees not already in the City's Defined Benefit Pension Plan for sworn employees or the City's Defined Contribution Pension Plan for miscellaneous (non-sworn) employees. These plans are agent multiple-employer public employee defined benefit plans and are administered through the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provision and all other requirements are established by State statute and City ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information and can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of

City of Irvine
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IV. Other Information (Continued)

credited service, equal to one year of full time employment. The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

Sworn Plan			
Hire Date	Prior to January 1, 2013	On or After January 1, 2013	
Benefit formula	3.00% at 50	2.70% at 57	
Benefit vesting schedule	5 years of service	5 years of service	
Benefit payments	Monthly for life	Monthly for life	
Retirement age	50	50 – 57	
Monthly benefits, as a percentage of eligible compensation	3.00%	2.00% to 2.70%	

Miscellaneous Plan			
Hire Date	Prior to August 14, 2012	On or After August 14, 2012 and Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.70% at 55	2.00% at 55	2.00% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 63	52 – 62
Monthly benefits, as a percentage of eligible compensation	2.00% to 2.70%	1.426% to 2.418%	1.00% to 2.50%

Employees Covered At June 30, 2016 (valuation date), the following employees were covered by the benefit terms for the Plan:

	<u>Sworn Plan</u>	<u>Miscellaneous Plan</u>
Active members	207	706
Retired members and beneficiaries	101	341
Terminated members	24	373
Transferred members	47	295
Total	<u>379</u>	<u>1,715</u>

Contribution Description Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended.

City of Irvine
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IV. Other Information (Continued)

The employer required contribution rates for the sworn and miscellaneous plans for fiscal year 2017-18 were as follows:

	Sworn	Miscellaneous
Normal Cost Rate	21.116%	10.242%
Employer Unfunded Accrued Liability Contribution ⁽¹⁾	17.296%	16.065%
	38.412%	26.307%

⁽¹⁾ The Employer Unfunded Accrued Liability Contribution (UAL) amount is either paid monthly or prepaid at the beginning of the fiscal year to CalPERS. The City elected to prepay the UAL of \$4,210 and \$8,180 for the sworn and miscellaneous plans, respectively.

The employee required contribution rates for the sworn and miscellaneous plans for fiscal year 2017-18 were as follows:

Sworn Plan			
Hire Date	Prior to January 1, 2013	On or After January 1, 2013	
Employee contribution rate	9.00%	12.00%	

Miscellaneous Plan			
Hire Date	Prior to August 14, 2012	On or After August 14, 2012 and Prior to January 1, 2013	On or After January 1, 2013
Employee contribution rate	8.00%	7.00%	6.25%

Payments for Unfunded Actuarial Accrued Liability In June 2013, the City Council approved a plan to reduce the City's unfunded actuarial accrued liability. The following additional payments have been made:

Fiscal Year Ended June 30,	Sworn Plan Payments	Miscellaneous Plan Payments
2013	\$ 1,500	\$ 3,500
2014	2,500	5,500
2015	1,000	4,000
2016	1,000	4,000
2017	3,000	4,000
2018	4,000	3,000
Total	<u>\$ 13,000</u>	<u>\$ 24,000</u>

Additional payments may be made in future years, subject to evaluation and discretion of the City Council.

Net Pension Liability The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is provided below.

City of Irvine
Notes to the Basic Financial Statements
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IV. Other Information (Continued)

Actuarial Assumptions The total pension liabilities in the June 30, 2016, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies on entry age and duration of service
Mortality	(1)
Post-retirement benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75 thereafter

- (1) The mortality table used was developed based on CalPER's specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change in Assumptions In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65 percent to 7.15 percent. Deferred outflow of resources and deferred inflows of resources for changes in assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for the each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which

City of Irvine
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IV. Other Information (Continued)

includes the agent plan and two cost-sharing plans or PERF A, B and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Year 1-10 ⁽¹⁾	New Strategic Year 11 + ⁽²⁾
Global equity	47.00 %	4.90 %	5.38 %
Global fixed income	19.00	0.80	2.27
Inflation sensitive	6.00	0.60	1.39
Private equity	12.00	6.60	6.63
Real estate	11.00	2.80	5.21
Infrastructure and forestland	3.00	3.90	5.36
Liquidity	2.00	(0.04)	(0.90)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

Changes in the Net Pension Liability The following tables show the changes in net pension liability for each plan recognized over the measurement period:

Sworn Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 6/30/2016	\$ 227,911	\$ 172,204	\$ 55,707
Changes for the year:			
Service cost	8,348	-	8,348
Interest on total pension liability	17,393	-	17,393
Changes of benefits terms	-	-	-
Difference between expected and actual experience	(502)	-	(502)
Changes in assumptions	16,239	-	16,239
Contributions-employer	-	11,332	(11,332)
Contributions-employee	-	2,760	(2,760)
Net investment income	-	19,779	(19,779)
Benefit payments, including refunds of employee contributions	(9,131)	(9,131)	-
Administrative expense	-	(254)	254
Other changes	-	-	-
Net changes	32,347	24,486	7,861
Balance at 6/30/2017	\$ 260,258	\$ 196,690	\$ 63,568

City of Irvine
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IV. Other Information (Continued)

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 6/30/2016	\$ 346,442	\$ 262,516	\$ 83,926
Changes for the year:			
Service cost	9,862	-	9,862
Interest on total pension liability	25,872	-	25,872
Changes of benefits terms	-	-	-
Difference between expected and actual experience	(3,834)	-	(3,834)
Changes of assumptions	21,963	-	21,963
Contributions-employer	-	16,687	(16,687)
Contributions-employee	-	4,186	(4,186)
Net investment income	-	30,227	(30,227)
Benefit payments, including refunds of employee contributions	(15,327)	(15,327)	-
Administrative expense	-	(388)	388
Other changes	-	-	-
Net changes	38,536	35,385	3,151
Balance at 6/30/2017	\$ 384,978	\$ 297,901	\$ 87,077

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The following presents the net pension liability of each Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

Plan's Net Pension Liability / (Assets)	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Sworn Plan	\$ 104,433	\$ 63,568	\$ 30,595
Miscellaneous Plan	140,931	87,077	42,808
Combined Total	\$ 245,364	\$ 150,645	\$ 73,403

Subsequent Events There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

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IV. Other Information (Continued)

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive and retired).

The Plan's EARSL for the 2016-17 measurement period, ended June 30, 2017, is 6.7 years for the Sworn Plan and 4.0 years for the Miscellaneous Plan, which was obtained by dividing the total service years (the sum of remaining service lifetimes of the active employees) by the total number of participants: active, inactive and retired. Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

	Sworn Plan	Miscellaneous Plan
Total service years	2,529	6,941
Divided by:		
Total number of participants	379	1,715
Expected average remaining service lifetime	6.7 years	4.0 years

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions As of the start of the measurement period (July 1, 2016), the net pension liability/ (asset) was \$55,707 for the Sworn Plan and \$83,926 for the Miscellaneous Plan. For the measurement period ending June 30, 2017 (the measurement date), the City incurred a pension expense/ (income) of \$13,827 and \$15,854 for the Sworn and Miscellaneous Plans, respectively.

As of June 30, 2017, the City's deferred outflows and deferred inflows of resources related to pensions were as follows:

	Sworn Plan		Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,753	\$ 427	\$ 115	\$ 3,201
Change in assumptions	13,815	2,204	16,473	1,765
Contributions made after the measurement date	14,085	-	17,004	-
Net difference between projected and actual earnings on pension plan investments	2,192	-	3,026	-
Total	<u>\$ 35,845</u>	<u>\$ 2,631</u>	<u>\$ 36,618</u>	<u>\$ 4,966</u>

The amounts above are net of outflows and inflows recognized in the 2016-17 measurement period expense.

City of Irvine
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IV. Other Information (Continued)

The \$14,085 and \$17,004 reported as deferred outflow of resources related to the contribution made after the measurement date for each Plan, will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ending June 30,	Sworn Plan Deferred Outflows/(Inflows) of Resources	Miscellaneous Plan Deferred Outflows/(Inflows) of Resources
2019	\$ 3,050	\$ 2,823
2020	5,875	8,140
2021	4,102	5,950
2022	1,653	(2,265)
2023	2,804	-
Thereafter	1,645	-

Public Agency Retirement System Defined Contribution Plan

Plan Description The City's part-time, seasonal and temporary employees that are ineligible for another retirement plan are eligible to participate in the Public Agency Retirement Systems Trust (PARS), pursuant to the requirements of 3121(6)(7)(F) of the Internal Revenue Code. The City is responsible for the administration of the Plan with the City Council having the authority to amend, modify or terminate the provisions and contributions. Retirement benefits depend on amounts contributed plus investment earnings. Copies of PARS' annual financial report may be obtained from its executive office: P.O. Box 1291, Newport Beach, California 92658.

Funding Policy Eligible participants are required to contribute 4.3 percent of their base compensation into the Plan. The City shall contribute an amount equal to 3.2 percent of the base salary compensation. Plan participants have the right to 100 percent of their account balance upon their death, termination of employment, permanent and total disability, or upon attainment of normal retirement age of 59.5 under the Plan.

Annual Pension Cost At December 31, 2017, the Plan had 720 members. Total Plan assets were \$2,245. Employer and employee contributions to the Plan during the year ended December 31, 2017, were \$447.

E. Permanent Fund

The City has one permanent fund, which was established during the fiscal year ended June 30, 2002. The Senior Services Fund was created with a contribution received in conjunction with the Agreement to terminate the Irvine Senior Foundation/City of Irvine Distribution of Funds Agreement (Agreement) and approved by the City Council in March 2002. This Agreement directs the City to use the interest income earned by investments of the nonexpendable endowment to fund projects at specific senior citizen and adult day health centers, and to use other contributed amounts and its investment earnings in the same manner as previously used by the Irvine Senior Foundation.

The net position of the fund includes a nonexpendable amount of \$499, which is reported as part of Restricted Net Position, Nonspendable. Expendable donations and accrued interest of \$313 are available for expenditure and are reflected as Restricted Net Position, Expendable.



City of Irvine
Required Supplementary Information
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City of Irvine Defined Benefit Pension Plan for Sworn Employees

Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Periods Ended December 31
Last Ten Fiscal Years ⁽¹⁾

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 81	\$ 81	\$ 137	\$ 128
Interest on total pension liability	1,086	1,077	1,091	1,088
Changes of benefits terms	-	-	-	-
Difference between expected and actual experience	283	178	(280)	(5)
Changes in assumptions	(261)	-	-	-
Benefit payments, including refunds of employee contributions	(1,198)	(1,165)	(1,171)	(1,145)
Net Change in Total Pension Liability	\$ (9)	\$ 171	\$ (223)	\$ 66
Total Pension Liability - Beginning	20,303	20,132	20,355	20,289
Total Pension Liability - Ending (a)	<u>\$ 20,294</u>	<u>\$ 20,303</u>	<u>\$ 20,132</u>	<u>\$ 20,355</u>
Plan Fiduciary Net Position				
Contribution - employer	\$ 184	\$ 88	\$ 130	\$ 243
Contribution - employee	45	39	32	20
Net investment income	1,761	1,105	71	1,391
Benefit payments, including refunds of employee contributions	(1,198)	(1,165)	(1,171)	(1,145)
Administrative expenses	(84)	(84)	(123)	(129)
Other changes in fiduciary net position	-	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 708	\$ (17)	\$ (1,061)	\$ 380
Plan Fiduciary Net Position - Beginning	19,206	19,223	20,284	19,904
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,914</u>	<u>\$ 19,206</u>	<u>\$ 19,223</u>	<u>\$ 20,284</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 380</u>	<u>\$ 1,097</u>	<u>\$ 909</u>	<u>\$ 71</u>
Plan fiduciary net position as a percentage of the total pension liability funded status	98.13%	94.60%	95.48%	99.65%
Covered payroll	\$ 373	\$ 365	\$ 334	\$ 326
Plan net pension liability/(asset) as a percentage of covered payroll	101.88%	300.55%	272.16%	21.78%

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only four years are shown.

City of Irvine
Required Supplementary Information
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City of Irvine Defined Benefit Pension Plan for Sworn Employees (Continued)

Schedule of Plan Contributions
Last Ten Fiscal Years ⁽¹⁾

	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution	\$ 194	\$ 136	\$ 109	\$ 187
Contribution in relation to the actuarially determined contribution	(194)	(136)	(109)	(187)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 378	 \$ 369	 \$ 350	 \$ 330
Contributions as a percentage of covered payroll	51.32%	36.86%	31.14%	56.67%

Notes to Schedule

Additional information used for funding purposes and for the determination of the ARC is as follows:

Valuation date:	December 31, 2016
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	5.50%
Inflation	3.00%
Salary increases	5.00%
Mortality	1983 Group annuity Mortality Table-Male ⁽²⁾

⁽¹⁾ Historical information is required only for the fiscal year which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only four years are shown.

⁽²⁾ 1983 Group Annuity Mortality Table-Male use for post-retirement mortality rates is experience based. Most members of this plan are disabled. As such, mortality projections have been considered and deemed inappropriate for the group as a whole.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

CalPERS Defined Benefit Pension Plan for Sworn Employees

Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Periods Ended June 30
Last Ten Fiscal Years ⁽¹⁾

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 8,348	\$ 6,966	\$ 6,238	\$ 6,341
Interest on total pension liability	17,393	16,258	14,875	13,661
Changes of benefits terms	-	-	-	-
Difference between expected and actual experience	(502)	5,005	4,152	-
Changes in assumptions	16,239	-	(4,043)	-
Benefit payments, including refunds of employee contributions	(9,131)	(8,705)	(8,114)	(7,391)
Net Change in Total Pension Liability	\$ 32,347	\$ 19,524	\$ 13,108	\$ 12,611
Total Pension Liability - Beginning	227,911	208,387	195,279	182,668
Total Pension Liability - Ending (a)	<u>\$ 260,258</u>	<u>\$ 227,911</u>	<u>\$ 208,387</u>	<u>\$ 195,279</u>
Plan Fiduciary Net Position				
Contribution - employer	\$ 11,332	\$ 8,628	\$ 8,369	\$ 11,701
Contribution - employee	2,760	2,286	2,131	2,694
Net investment income	19,779	791	3,683	24,267
Benefit payments, including refunds of employee contributions	(9,131)	(8,705)	(8,114)	(7,391)
Net plan to plan resource movement	-	-	1	-
Administrative expense	(254)	(103)	(191)	-
Net Change in Fiduciary Net Position	\$ 24,486	\$ 2,897	\$ 5,879	\$ 31,271
Plan Fiduciary Net Position - Beginning	172,204	169,307	163,428	132,157
Plan Fiduciary Net Position - Ending (b)	<u>\$ 196,690</u>	<u>\$ 172,204</u>	<u>\$ 169,307</u>	<u>\$ 163,428</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 63,568</u>	<u>\$ 55,707</u>	<u>\$ 39,080</u>	<u>\$ 31,851</u>
Plan fiduciary net position as a percentage of the total pension liability funded status	75.58%	75.56%	81.25%	83.69%
Covered payroll	\$ 28,642	\$ 25,076	\$ 22,824	\$ 20,142
Plan net pension liability/(asset) as a percentage of covered payroll	221.94%	222.15%	171.22%	158.13%

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only four years are shown.

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms.

Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amount reported were based on the 7.50 percent discount rate.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

CalPERS Defined Benefit Pension Plan for Sworn Employees (Continued)

Schedule of Plan Contributions
Last Ten Fiscal Years ⁽¹⁾

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 10,085	\$ 8,332	\$ 7,628	\$ 7,369
Contribution in relation to the actuarially determined contribution	<u>(14,085)</u>	<u>(11,332)</u>	<u>(8,628)</u>	<u>(8,369)</u>
Contribution deficiency (excess)	<u>\$ (4,000)</u>	<u>\$ (3,000)</u>	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>
Covered payroll	\$ 27,997	\$ 28,642	\$ 25,076	\$ 22,824
Contributions as a percentage of covered payroll	50.31%	39.56%	34.41%	36.67%

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only four years are shown.

Notes to Schedule of Plan Contributions:

Valuation date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Gains and losses amortized over a fixed 30-year period with the increases or decreases in the rate phased in over a 5-year period.
Inflation	2.75%
Salary increases	Various by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

CalPERS Defined Benefit Pension Plan for Miscellaneous Employees

Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Periods Ended June 30
Last Ten Fiscal Years ⁽¹⁾

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 9,862	\$ 8,634	\$ 8,319	\$ 8,705
Interest on total pension liability	25,872	24,811	23,375	22,042
Changes of benefits terms	-	-	-	-
Difference between expected and actual experience	(3,834)	220	(1,078)	-
Changes in assumptions	21,963	-	(5,837)	-
Benefit payments, including refunds of employee contributions	(15,327)	(14,031)	(12,552)	(11,398)
Net Change in Total Pension Liability	\$ 38,536	\$ 19,634	\$ 12,227	\$ 19,349
Total Pension Liability - Beginning	346,442	326,808	314,581	295,232
Total Pension Liability - Ending (a)	<u>\$ 384,978</u>	<u>\$ 346,442</u>	<u>\$ 326,808</u>	<u>\$ 314,581</u>
Plan Fiduciary Net Position				
Contribution - employer	\$ 16,687	\$ 15,938	\$ 15,677	\$ 19,604
Contribution - employee	4,186	3,801	3,634	4,186
Net investment income	30,227	1,347	5,653	35,985
Benefit payments, including refunds of employee contributions	(15,327)	(14,031)	(12,552)	(11,398)
Net plan to plan resource movement	-	-	(1)	-
Administrative expense	(388)	(156)	(288)	-
Net Change in Fiduciary Net Position	\$ 35,385	\$ 6,899	\$ 12,123	\$ 48,377
Plan Fiduciary Net Position - Beginning	262,516	255,617	243,494	195,117
Plan Fiduciary Net Position - Ending (b)	<u>\$ 297,901</u>	<u>\$ 262,516</u>	<u>\$ 255,617</u>	<u>\$ 243,494</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 87,077</u>	<u>\$ 83,926</u>	<u>\$ 71,191</u>	<u>\$ 71,087</u>
Plan fiduciary net position as a percentage of the total pension liability funded status	77.38%	75.77%	78.22%	77.40%
Covered payroll	\$ 55,877	\$ 49,344	\$ 46,821	\$ 43,710
Plan net pension liability/(asset) as a percentage of covered payroll	155.84%	170.08%	152.05%	162.63%

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only four years are shown.

Notes to Schedule

Benefit Changes: There were no changes to benefits.

Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expenses). In 2014, amount reported were based on the 7.50 percent discount rate.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

CalPERS Defined Benefit Pension Plan for Miscellaneous Employees (Continued)

Schedule of Plan Contributions
Last Ten Fiscal Years ⁽¹⁾

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially determined contribution	\$ 14,004	\$ 12,687	\$ 12,082	\$ 11,677
Contribution in relation to the actuarially determined contribution	<u>(17,004)</u>	<u>(16,687)</u>	<u>(16,082)</u>	<u>(15,677)</u>
Contribution deficiency (excess)	<u>\$ (3,000)</u>	<u>\$ (4,000)</u>	<u>\$ (4,000)</u>	<u>\$ (4,000)</u>
 Covered payroll	 \$ 57,214	 \$ 55,877	 \$ 49,344	 \$ 46,821
Contributions as a percentage of covered payroll	29.72%	29.86%	32.59%	33.48%

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only four years are shown.

Notes to Schedule of Plan Contributions:

Valuation date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Gains and losses amortized over a fixed 30-year period with the increases or decreases in the rate phased in over a 5-year period.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

City of Irvine Other Post Employment Benefit Plan (OPEB)

Schedule of Changes in Total OPEB Liability and Related Ratios
For the Measurement Period Ended June 30
Last Ten Fiscal Year ⁽¹⁾

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 490
Interest on total OPEB liability	227
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(380)</u>
Net Change in Total Pension Liability	\$ 337
Total OPEB Liability - Beginning	<u>6,446</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 6,783</u></u>
 Covered payroll	 \$ 74,034
Net OPEB employee liability/(asset) as a percentage of covered employee payroll	9.16%

⁽¹⁾ Historical information is required only for measurement for which GASB 75 is applicable. Future year's information will be displayed up to 10 years as information becomes available.

Notes to Schedule

The City does not accumulate assets in a trust to pay related benefits.



OTHER GOVERNMENTAL FUNDS

The combining statements for Other Governmental Funds represent a consolidation of the information for specific funds contained in the Supplementary Financial Statements. These statements summarize the financial information contained in Other Special Revenue Funds, Other Capital Projects Funds and the Permanent Fund.

City of Irvine
Combining Balance Sheet
Other Governmental Funds
June 30, 2018
(amounts expressed in thousands)

	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and investments	\$ 65,504	\$ 295,627	\$ 813	\$ 361,944
Receivables, net of allowances:				
Taxes	1,002	-	-	1,002
Accounts	461	-	-	461
Accrued interest	129	691	1	821
Escrow deposits	76	404	-	480
Due from other funds	22	-	-	22
Due from other governments	1,214	480	-	1,694
Due from developers	-	23,498	-	23,498
Long-term notes receivable, net of allowances	6,029	-	-	6,029
Total Assets	<u>\$ 74,437</u>	<u>\$ 320,700</u>	<u>\$ 814</u>	<u>\$ 395,951</u>
LIABILITIES				
Accounts payable	\$ 2,831	\$ 534	\$ 2	\$ 3,367
Accrued liabilities	29	3,129	-	3,158
Due to other funds	124	-	-	124
Due to other governments	9	-	-	9
Retention payable	295	463	-	758
Deposits	81	-	-	81
Unearned revenue	2,614	111	-	2,725
Total Liabilities	<u>5,983</u>	<u>4,237</u>	<u>2</u>	<u>10,222</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	6,207	466	-	6,673
Total Deferred Inflows of Resources	<u>6,207</u>	<u>466</u>	<u>-</u>	<u>6,673</u>
Nonspendable	-	-	499	499
Restricted	34,675	295,044	313	330,032
Committed	29,768	16,537	-	46,305
Assigned	-	4,416	-	4,416
Unassigned	(2,196)	-	-	(2,196)
Total Fund Balances	<u>62,247</u>	<u>315,997</u>	<u>812</u>	<u>379,056</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 74,437</u>	<u>\$ 320,700</u>	<u>\$ 814</u>	<u>\$ 395,951</u>

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
REVENUES				
Taxes	\$ 29,287	\$ -	\$ -	\$ 29,287
Licenses and permits	40	-	-	40
Investment income	173	2,019	1	2,193
Intergovernmental	4,946	45	-	4,991
Charges for services	1,368	741	-	2,109
Contributions from property owners-				
Special districts contributions	-	17,036	-	17,036
Revenue from developers	6,562	10,555	-	17,117
Special Assessments	8,833	-	-	8,833
Donations	441	-	170	611
Other revenue	168	-	-	168
Total Revenues	<u>51,818</u>	<u>30,396</u>	<u>171</u>	<u>82,385</u>
EXPENDITURES				
Current:				
General Government	185	10,799	-	10,984
Public Safety	2,229	-	-	2,229
Public Works	20,179	431	-	20,610
Community Development	2,380	95	-	2,475
Community Services	1,005	-	30	1,035
Transportation	761	13	-	774
Capital outlay	5,429	26,671	-	32,100
Total Expenditures	<u>32,168</u>	<u>38,009</u>	<u>30</u>	<u>70,207</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>19,650</u>	<u>(7,613)</u>	<u>141</u>	<u>12,178</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	3,999	-	-	3,999
Transfers in	9,802	11,868	-	21,670
Transfers out	(24,253)	(113)	-	(24,366)
Total Other Financing Sources (Uses)	<u>(10,452)</u>	<u>11,755</u>	<u>-</u>	<u>1,303</u>
Net Change in Fund Balances	9,198	4,142	141	13,481
Fund Balances, Beginning	<u>53,049</u>	<u>311,855</u>	<u>671</u>	<u>365,575</u>
Fund Balances, Ending	<u><u>\$ 62,247</u></u>	<u><u>\$ 315,997</u></u>	<u><u>\$ 812</u></u>	<u><u>\$ 379,056</u></u>



OTHER SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources derived from specific taxes or other earmarked revenues set aside in accordance with law or administrative regulations for expenditures restricted for specified services. Special Revenue Funds include the following:

County Sales Tax Measure M - This fund accounts for the one-half percent sales tax authorized by the Measure M tax initiative within the County of Orange. Sales tax proceeds are distributed by formula to the cities for use, which is restricted solely to transportation planning and implementation activities.

State Gasoline Tax - This fund is used to account for revenues and expenditures apportioned under the Street and Highway Code of the State of California. Expenditures may be made for any street-related purpose in the City's system of streets, including maintenance thereof.

Systems Development - This fund accounts for a 1% tax imposed by City Ordinance on all new construction. Revenues are restricted for circulation and public facilities improvements.

Slurry Seal Fees - This fund accounts for developer construction fees to be utilized for the slurry seal of City streets that had wear and tear due to construction traffic.

Maintenance District - This fund is used to record City-wide street lighting and landscape maintenance costs, and the collection of assessments from property owners.

Air Quality Improvement - This fund accounts for receipts and disbursements made to reduce air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 under Section 44244.1 of the California Health and Safety Code.

Fees and Exactions - This fund records the collection of fees imposed on developers and property owners for future capital improvement projects from which they will receive a direct benefit.

Major Special Events - This fund is used for participant user fee for major events. The fees collected are applied to Public Safety costs incurred as a result of these events.

Shuttle - This fund accounts for the contributions for the Shuttle and the annual payment to the Orange County Transportation Authority to operate the Shuttle on the City's behalf.

Grants - This fund accounts for a variety of local, state and federal grants.

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2018
(amount expressed in thousands)
Page 1 of 3

	County Sales Tax Measure M	State Gasoline Tax	Systems Development	Slurry Seal Fees
ASSETS				
Cash and investments	\$ 938	\$ 11,299	\$ 26,932	\$ 2,652
Receivables, net of allowances:				
Taxes	810	-	-	-
Accounts	-	-	-	-
Accrued interest	2	23	54	2
Escrow deposits	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	566	-	3
Long-term notes receivable, net of allowances	-	-	-	-
Total Assets	<u>\$ 1,750</u>	<u>\$ 11,888</u>	<u>\$ 26,986</u>	<u>\$ 2,657</u>
LIABILITIES				
Accounts payable	\$ 14	\$ 529	\$ 148	\$ 766
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Retentions payable	-	-	-	295
Deposits	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>14</u>	<u>529</u>	<u>148</u>	<u>1,061</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	1,736	11,359	-	-
Committed	-	-	26,838	1,596
Unassigned	-	-	-	-
Total Fund Balances	<u>1,736</u>	<u>11,359</u>	<u>26,838</u>	<u>1,596</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 1,750</u>	<u>\$ 11,888</u>	<u>\$ 26,986</u>	<u>\$ 2,657</u>

- continued -

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2018
(amount expressed in thousands)
Page 2 of 3

	Maintenance District	Air Quality Improvement	Fees and Exactions	Major Special Events
ASSETS				
Cash and investments	\$ 2,070	\$ 392	\$ 16,700	\$ -
Receivables, net of allowances:				
Taxes	112	-	80	-
Accounts	57	88	2	244
Accrued interest	4	1	35	-
Escrow deposits	-	-	-	-
Due from other funds	22	-	-	-
Due from other governments	-	-	-	-
Long-term notes receivable, net of allowances	-	-	462	-
Total Assets	<u>\$ 2,265</u>	<u>\$ 481</u>	<u>\$ 17,279</u>	<u>\$ 244</u>
LIABILITIES				
Accounts payable	\$ 1,024	\$ 30	\$ 7	\$ 2
Accrued liabilities	-	-	-	24
Due to other funds	-	-	-	124
Due to other governments	1	-	3	-
Retentions payable	-	-	-	-
Deposits	-	-	81	-
Unearned revenue	-	-	2,614	-
Total Liabilities	<u>1,025</u>	<u>30</u>	<u>2,705</u>	<u>150</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	462	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>462</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	-	451	16,308	-
Committed	1,240	-	-	94
Unassigned	-	-	(2,196)	-
Total Fund Balances	<u>1,240</u>	<u>451</u>	<u>14,112</u>	<u>94</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 2,265</u>	<u>\$ 481</u>	<u>\$ 17,279</u>	<u>\$ 244</u>

- continued -

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2018
(amount expressed in thousands)
Page 3 of 3

	<u>iShuttle</u>	<u>Grants</u>	<u>Total Other Special Revenue Funds</u>
ASSETS			
Cash and investments	\$ 884	\$ 3,637	\$ 65,504
Receivables, net of allowances:			
Taxes	-	-	1,002
Accounts	3	67	461
Accrued interest	1	7	129
Escrow deposits	-	76	76
Due from other funds	-	-	22
Due from other governments	9	636	1,214
Long-term notes receivable, net of allowances	-	5,567	6,029
Total Assets	<u>\$ 897</u>	<u>\$ 9,990</u>	<u>\$ 74,437</u>
LIABILITIES			
Accounts payable	\$ 7	\$ 304	2,831
Accrued liabilities	4	1	29
Due to other funds	-	-	124
Due to other governments	-	5	9
Retentions payable	-	-	295
Deposits	-	-	81
Unearned revenue	-	-	2,614
Total Liabilities	<u>11</u>	<u>310</u>	<u>5,983</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	9	5,736	6,207
Total Deferred Inflows of Resources	<u>9</u>	<u>5,736</u>	<u>6,207</u>
FUND BALANCES (DEFICITS)			
Restricted	877	3,944	34,675
Committed	-	-	29,768
Unassigned	-	-	(2,196)
Total Fund Balances	<u>877</u>	<u>3,944</u>	<u>62,247</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 897</u>	<u>\$ 9,990</u>	<u>\$ 74,437</u>



City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 1 of 3

	County Sales Tax Measure M	State Gasoline Tax	Systems Development	Slurry Seal Fees
REVENUES				
Taxes	\$ 4,689	\$ 6,907	\$ 14,351	\$ -
Licenses and permits	-	-	-	-
Investment income	27	29	22	8
Intergovernmental	-	304	-	-
Charges for services	-	-	-	348
Revenue from developers	-	-	-	-
Special assessments	-	-	-	-
Donations	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	4,716	7,240	14,373	356
EXPENDITURES				
Current:				
General Government	27	26	-	1
Public Safety	-	-	-	-
Public Works	215	2,885	-	20
Community Development	-	-	-	-
Community Services	-	-	-	-
Transportation	79	390	175	-
Capital outlay	-	-	-	5,429
Total Expenditures	321	3,301	175	5,450
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,395	3,939	14,198	(5,094)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	-	-	-
Transfers in	-	-	-	5,451
Transfers out	(4,818)	(3,842)	(8,762)	-
Total Other Financing Sources	(4,818)	(3,842)	(8,762)	5,451
Net Change in Fund Balances	(423)	97	5,436	357
Fund Balances, Beginning	2,159	11,262	21,402	1,239
Fund Balances, Ending	\$ 1,736	\$ 11,359	\$ 26,838	\$ 1,596

- continued -

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 2 of 3

	Maintenance District	Air Quality Improvement	Fees and Exactions	Major Special Events
REVENUES				
Taxes	\$ 3,086	\$ -	\$ 254	\$ -
Licenses and permits	-	-	39	-
Investment income	10	2	69	-
Intergovernmental	-	343	14	-
Charges for services	122	-	-	674
Revenue from developers	-	-	6,562	-
Special assessments	8,833	-	-	-
Donations	-	-	-	-
Other revenue	168	-	-	-
Total Revenues	12,219	345	6,938	674
EXPENDITURES				
Current:				
General Government	73	20	-	-
Public Safety	-	229	-	669
Public Works	16,828	-	-	-
Community Development	-	-	-	-
Community Services	-	-	-	-
Transportation	-	43	-	-
Capital outlay	-	-	-	-
Total Expenditures	16,901	292	-	669
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,682)	53	6,938	5
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	-	3,999	-
Transfers in	4,304	-	-	-
Transfers out	-	(230)	(6,601)	-
Total Other Financing Sources	4,304	(230)	(2,602)	-
Net Change in Fund Balances	(378)	(177)	4,336	5
Fund Balances, Beginning	1,618	628	9,776	89
Fund Balances, Ending	\$ 1,240	\$ 451	\$ 14,112	\$ 94

- continued -

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 3 of 3

	<u>iShuttle</u>	<u>Grants</u>	<u>Total Other Special Revenue Funds</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 29,287
Licenses and permits	-	1	40
Investment income	3	3	173
Intergovernmental	-	4,285	4,946
Charges for services	-	224	1,368
Revenue from developers	-	-	6,562
Special assessments	-	-	8,833
Donations	22	419	441
Other revenue	-	-	168
Total Revenues	<u>25</u>	<u>4,932</u>	<u>51,818</u>
EXPENDITURES			
Current:			
General Government	-	38	185
Public Safety	-	1,331	2,229
Public Works	-	231	20,179
Community Development	-	2,380	2,380
Community Services	-	1,005	1,005
Transportation	13	61	761
Capital outlay	-	-	5,429
Total Expenditures	<u>13</u>	<u>5,046</u>	<u>32,168</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12</u>	<u>(114)</u>	<u>19,650</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of property	-	-	3,999
Transfers in	47	-	9,802
Transfers out	-	-	(24,253)
Total Other Financing Sources (Uses)	<u>47</u>	<u>-</u>	<u>(10,452)</u>
Net Change in Fund Balances	59	(114)	9,198
Fund Balances, Beginning	<u>818</u>	<u>4,058</u>	<u>53,049</u>
Fund Balances, Ending	<u>\$ 877</u>	<u>\$ 3,944</u>	<u>62,247</u>



City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
County Sales Tax Measure M
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 4,600	\$ 4,600	\$ 4,689	\$ 89
Investment income	5	5	27	22
Total Revenues	4,605	4,605	4,716	111
EXPENDITURES				
Current:				
General Government	37	37	27	10
Public Works	220	220	215	5
Transportation	213	213	79	134
Total Expenditures	470	470	321	149
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,135	4,135	4,395	260
Transfers out	(5,694)	(6,120)	(4,818)	1,302
Total Other Financing Sources (Uses)	(5,694)	(6,120)	(4,818)	1,302
Net Change in Fund Balances	(1,559)	(1,985)	(423)	1,562
Fund Balances, Beginning	2,159	2,159	2,159	-
Fund Balances, Ending	\$ 600	\$ 174	\$ 1,736	\$ 1,562

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
State Gasoline Tax
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Taxes	\$ 6,890	\$ 6,890	\$ 6,907	\$ 17
Investment income	91	91	29	(62)
Intergovernmental	296	296	304	8
Total Revenues	7,277	7,277	7,240	(37)
EXPENDITURES				
Current:				
General Government	35	35	26	9
Public Works	3,406	3,406	2,885	521
Transportation	-	390	390	-
Total Expenditures	3,441	3,831	3,301	530
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,836	3,446	3,939	493
OTHER FINANCING SOURCES (USES)				
Transfers out	(9,280)	(9,530)	(3,842)	5,688
Total Other Financing Sources (Uses)	(9,280)	(9,530)	(3,842)	5,688
Net Change in Fund Balances	(5,444)	(6,084)	97	6,181
Fund Balances, Beginning	11,262	11,262	11,262	-
Fund Balances, Ending	\$ 5,818	\$ 5,178	\$ 11,359	\$ 6,181

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Systems Development
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 12,500	\$ 12,500	\$ 14,351	\$ 1,851
Investment income	350	350	22	(328)
Total Revenues	12,850	12,850	14,373	1,523
EXPENDITURES				
Current:				
Transportation	605	605	175	430
Total Expenditures	605	605	175	430
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,245	12,245	14,198	1,953
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,694)	(8,762)	(8,762)	-
Total Other Financing Sources (Uses)	(8,694)	(8,762)	(8,762)	-
Net Change in Fund Balances	3,551	3,483	5,436	1,953
Fund Balances, Beginning	21,402	21,402	21,402	-
Fund Balances, Ending	\$ 24,953	\$ 24,885	\$ 26,838	\$ 1,953

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Slurry Seal Fees
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Investment income	\$ 55	\$ 55	\$ 8	\$ (47)
Charges for services	318	318	348	30
Total Revenues	373	373	356	(17)
EXPENDITURES				
Current:				
General Government	10	10	1	9
Public Works	66	66	20	46
Capital outlay	6,844	6,844	5,429	1,415
Total Expenditures	6,920	6,920	5,450	1,470
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,547)	(6,547)	(5,094)	1,453
OTHER FINANCING SOURCES (USES)				
Transfers in	6,560	6,560	5,451	(1,109)
Transfers out	(558)	(145)	-	145
Total Other Financing Sources (Uses)	6,002	6,415	5,451	(964)
Net Change in Fund Balances	(545)	(132)	357	489
Fund Balances, Beginning	1,239	1,239	1,239	-
Fund Balances, Ending	\$ 694	\$ 1,107	\$ 1,596	\$ 489

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Maintenance District
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Taxes	\$ 2,987	\$ 2,987	\$ 3,086	\$ 99
Investment income	-	-	10	10
Charges for services	90	90	122	32
Special assessments	8,580	8,580	8,833	253
Other revenue	95	95	168	73
Total Revenues	11,752	11,752	12,219	467
EXPENDITURES				
Current:				
General Government	80	80	73	7
Public Works	17,259	17,259	16,828	431
Total Expenditures	17,339	17,339	16,901	438
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,587)	(5,587)	(4,682)	905
OTHER FINANCING SOURCES (USES)				
Transfers in	4,304	4,304	4,304	-
Total Other Financing Sources (Uses)	4,304	4,304	4,304	-
Net Change in Fund Balances	(1,283)	(1,283)	(378)	905
Fund Balances, Beginning	1,618	1,618	1,618	-
Fund Balances, Ending	\$ 335	\$ 335	\$ 1,240	\$ 905

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Air Quality Improvement
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Investment income	\$ 4	\$ 4	\$ 2	\$ (2)
Intergovernmental	310	310	343	33
Total Revenues	314	314	345	31
EXPENDITURES				
Current:				
General Government	10	10	20	(10)
Public Safety	261	261	229	32
Transportation	60	60	43	17
Total Expenditures	331	331	292	39
Excess (Deficiency) of Revenues	(17)	(17)	53	70
OTHER FINANCING SOURCES (USES)				
Transfers out	(622)	(537)	(230)	307
Total Other Financing Sources (Uses)	(622)	(537)	(230)	307
Net Change in Fund Balances	(639)	(554)	(177)	377
Fund Balances, Beginning	628	628	628	-
Fund Balances, Ending	\$ (11)	\$ 74	\$ 451	\$ 377

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Fees and Exactions
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 300	\$ 300	\$ 254	\$ (46)
Licenses and permits	-	-	39	39
Investment income	199	199	69	(130)
Intergovernmental	-	-	14	14
Revenue from developers	-	-	6,562	6,562
Total Revenues	499	499	6,938	6,439
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	3,999	3,999	3,999	-
Transfers out	(4,183)	(6,771)	(6,601)	170
Total Other Financing Sources (Uses)	(184)	(2,772)	(2,602)	170
Net Change in Fund Balances	315	(2,273)	4,336	6,609
Fund Balances, Beginning	9,776	9,776	9,776	-
Fund Balances, Ending	<u>\$ 10,091</u>	<u>\$ 7,503</u>	<u>\$ 14,112</u>	<u>\$ 6,609</u>

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Major Special Events
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Charges for services	\$ 666	\$ 666	\$ 674	\$ 8
Total Revenues	666	666	674	8
EXPENDITURES				
Current:				
Public Safety	657	657	669	(12)
Total Expenditures	657	657	669	(12)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	9	9	5	(4)
OTHER FINANCING SOURCES (USES)				
Transfers out	(33)	(33)	-	33
Total Other Financing Sources (Uses)	(33)	(33)	-	33
Net Change in Fund Balances	(24)	(24)	5	29
Fund Balances, Beginning	89	89	89	-
Fund Balances, Ending	<u>\$ 65</u>	<u>\$ 65</u>	<u>\$ 94</u>	<u>\$ 29</u>

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Shuttle
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment income	\$ 12	\$ 12	\$ 3	\$ (9)
Donations	90	90	22	(68)
Total Revenues	102	102	25	(77)
EXPENDITURES				
Current:				
Transportation	180	180	13	167
Total Expenditures	180	180	13	167
Excess (Deficiency) of Revenues over (under) Expenditures	(78)	(78)	12	90
OTHER FINANCING SOURCES (USES)				
Transfers in	90	90	47	(43)
Total Other Financing Sources (Uses)	90	90	47	(43)
Net Change in Fund Balances	12	12	59	47
Fund Balances, Beginning	818	818	818	-
Fund Balances, Ending	<u>\$ 830</u>	<u>\$ 830</u>	<u>\$ 877</u>	<u>\$ 47</u>

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Grants
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Licenses and permits	-	-	1	1
Investment income	\$ 22	\$ 22	\$ 3	\$ (19)
Intergovernmental	4,445	6,371	4,285	(2,086)
Charges for services	217	217	224	7
Donations	380	380	419	39
Total Revenues	5,064	6,990	4,932	(2,058)
EXPENDITURES				
Current:				
General Government	65	65	38	27
Public Safety	3,436	4,487	1,331	3,156
Public Works	191	222	231	(9)
Community Development	2,019	2,904	2,380	524
Community Services	1,478	1,478	1,005	473
Transportation	200	200	61	139
Total Expenditures	7,389	9,356	5,046	4,310
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,325)	(2,366)	(114)	2,252
Net Change in Fund Balances	(2,325)	(2,366)	(114)	2,252
Fund Balances, Beginning	4,058	4,058	4,058	-
Fund Balances, Ending	\$ 1,733	\$ 1,692	\$ 3,944	\$ 2,252



OTHER CAPITAL PROJECTS FUNDS

Other Capital Projects Funds are used for the construction of infrastructure and public facility improvements within the City and because of its complexity, typically requires more than one budgetary cycle to complete. Other Capital Projects Funds include the following:

Assessment Districts - This fund accounts for related capital project activities for development in the assessment districts.

Park Development - This fund accounts for receipts and disbursement of monies used for development and construction of non-circulation projects such as parks and public facilities within the City.

Irvine Business Complex – This fund accounts for related capital project activities and fee revenue generated by development within the Irvine Business Complex.

North Irvine Transportation Mitigation Program (NITM) - This fund accounts for the financial transaction related to traffic and transportation improvements identified in the Comprehensive NITM Traffic Study in connection with land use entitlements for the City's northern sphere planning areas.

City of Irvine
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2018
(amounts expressed in thousands)
Page 1 of 2

	Assessment Districts	Park Development	Irvine Business Complex
ASSETS			
Cash and investments	\$ 101,610	\$ 22,810	\$ 90,658
Receivables, net of allowances:			
Accrued interest	344	33	169
Escrow deposits	-	404	-
Due from other governments	-	417	63
Due from developers	-	-	-
Total Assets	<u>\$ 101,954</u>	<u>\$ 23,664</u>	<u>\$ 90,890</u>
LIABILITIES			
Accounts payable	\$ 138	\$ 358	\$ 4
Accrued liabilities	3,129	-	-
Retentions payable	-	463	-
Unearned revenue	-	111	-
Total Liabilities	<u>3,267</u>	<u>932</u>	<u>4</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	403	63
Total Deferred Inflows of Resources	<u>-</u>	<u>403</u>	<u>63</u>
FUND BALANCES (DEFICITS)			
Restricted	98,687	1,376	90,823
Committed	-	16,537	-
Assigned	-	4,416	-
Total Fund Balances	<u>98,687</u>	<u>22,329</u>	<u>90,823</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 101,954</u>	<u>\$ 23,664</u>	<u>\$ 90,890</u>

- continued -

City of Irvine
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2018
(amounts expressed in thousands)
Page 2 of 2

	North Irvine Transportation Mitigation	Total Other Capital Projects Funds
ASSETS		
Cash and investments	\$ 80,549	\$ 295,627
Receivables, net of allowances:		
Accrued interest	145	691
Escrow deposits	-	404
Due from other governments	-	480
Due from developers	23,498	23,498
	<hr/>	<hr/>
Total Assets	\$ 104,192	\$ 320,700
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Accounts payable	\$ 34	\$ 534
Accrued liabilities	-	3,129
Retentions payable	-	463
Unearned revenue	-	111
	<hr/>	<hr/>
Total Liabilities	34	4,237
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	-	466
	<hr/>	<hr/>
Total Deferred Inflows of Resources	-	466
	<hr/>	<hr/>
FUND BALANCES (DEFICITS)		
Restricted	104,158	295,044
Committed	-	16,537
Assigned	-	4,416
	<hr/>	<hr/>
Total Fund Balances	104,158	315,997
	<hr/>	<hr/>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	\$ 104,192	\$ 320,700
	<hr/> <hr/>	<hr/> <hr/>

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Capital Projects Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 1 of 2

	Assessment Districts	Park Development	Irvine Business Complex
REVENUES			
Investment income	\$ 1,584	\$ 30	\$ 201
Intergovernmental	-	45	-
Charges for services	-	514	227
Cotnributions from property owners-			
Special districts contributions	17,036	-	-
Revenue from developers	-	-	7,570
Total Revenues	18,620	589	7,998
EXPENDITURES			
Current:			
General Government	10,759	15	13
Public Works	198	101	100
Community Development	1	1	93
Transportation	-	-	8
Capital outlay	20,940	5,031	314
Total Expenditures	31,898	5,148	528
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,278)	(4,559)	7,470
OTHER FINANCING SOURCES (USES)			
Transfers in	-	11,868	-
Transfers out	-	(66)	(47)
Total Other Financing Sources (Uses)	-	11,802	(47)
Net Change in Fund Balances	(13,278)	7,243	7,423
Fund Balances, Beginning	111,965	15,086	83,400
Fund Balances, Ending	\$ 98,687	\$ 22,329	\$ 90,823

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Capital Projects Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 2 of 2

	North Irvine Transportation Mitigation	Total Other Capital Projects Funds
REVENUES		
Investment income	\$ 204	\$ 2,019
Intergovernmental	-	45
Charges for services	-	741
Cotnributions from property owners-		
Special districts contributions	-	17,036
Revenue from developers	2,985	10,555
Total Revenues	3,189	30,396
EXPENDITURES		
Current:		
General Government	12	10,799
Public Works	32	431
Community Development	-	95
Transportation	5	13
Capital outlay	386	26,671
Total Expenditures	435	38,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,754	(7,613)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	11,868
Transfers out	-	(113)
Total Other Financing Sources (Uses)	-	11,755
Net Change in Fund Balances	2,754	4,142
Fund Balances, Beginning	101,404	311,855
Fund Balances, Ending	\$ 104,158	\$ 315,997



PERMANENT FUND

Permanent fund accounts for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Senior Services - This fund accounts for adult day health services and senior citizen programs which are funded from interest earnings and additional donations.

City of Irvine
Balance Sheet
Permanent Fund
June 30, 2018
 (amounts expressed in thousands)

	Senior Services Fund
ASSETS	
Cash and investments	\$ 813
Receivables, net of allowances:	
Accrued interest	1
	<hr/>
Total Assets	\$ 814
	<hr/> <hr/>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	2
	<hr/>
Total Liabilities	2
	<hr/>
Fund Balances:	
Nonspendable	499
Restricted	313
	<hr/>
Total Fund Balances	812
	<hr/>
Total Liabilities and Fund Balances	\$ 814
	<hr/> <hr/>

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Permanent Fund
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Senior Services Fund
REVENUES	
Investment income	1
Donations	\$ 170
Total Revenues	<u>171</u>
EXPENDITURES	
Current:	
Community Services	<u>30</u>
Total Expenditures	<u>30</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>141</u>
OTHER FINANCING SOURCES (USES)	
Total Other Financing Sources (Uses)	<u>-</u>
Net Change in Fund Balances	141
Fund Balances, Beginning	<u>671</u>
Fund Balances, Ending	<u><u>\$ 812</u></u>

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Senior Services
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
REVENUES				
Investment income	\$ 1	\$ 1	\$ 1	\$ -
Donations	28	28	170	142
Total Revenues	29	29	171	142
EXPENDITURES				
Current:				
Community Services	82	82	30	52
Total Expenditures	82	82	30	52
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53)	(53)	141	194
Net Change in Fund Balances	(53)	(53)	141	194
Fund Balances, Beginning	671	671	671	-
Fund Balances, Ending	<u>\$ 618</u>	<u>\$ 618</u>	<u>\$ 812</u>	<u>\$ 194</u>





INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for operations that provide services to other departments of the City on a cost reimbursement basis. Internal Service Funds include the following:

Self-Insurance - This fund accounts for payments made for insurance services relative to workers' compensation, general liability, automotive coverage and to maintain a sinking fund for future claims.

Equipment and Services - This fund accounts for fleet and central services, as well as equipment replacement.

Inventory - This fund accounts for the warehousing of the City's central supplies and their distribution to operating departments.

City of Irvine
Combining Statement of Net Position
Internal Service Funds
June 30, 2018
(amounts expressed in thousands)

	Self- Insurance	Equipment and Services	Inventory	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 18,331	\$ 16,274	\$ 81	\$ 34,686
Receivables, net of allowances:				
Accounts	64	23	-	87
Accrued interest	34	32	-	66
Prepaid items	-	438	-	438
Inventories	-	-	82	82
Due from other governments	-	61	-	61
Total Current Assets	18,429	16,828	163	35,420
Noncurrent Assets:				
Capital assets:				
Equipment	20	23,865	-	23,885
Less accumulated depreciation	(20)	(15,738)	-	(15,758)
Total Noncurrent Assets	-	8,127	-	8,127
Total Assets	18,429	24,955	163	43,547
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	330	769	-	1,099
Total Deferred Outflows of Resources	330	769	-	1,099
LIABILITIES				
Current Liabilities:				
Accounts payable	116	3,315	13	3,444
Accrued liabilities	224	1	-	225
Due to other governments	-	22	-	22
Compensated absences	29	65	-	94
Claims payable	4,115	-	-	4,115
Total Current Liabilities	4,484	3,403	13	7,900
Noncurrent Liabilities:				
Compensated absences	71	160	1	232
Claims payable	11,512	-	-	11,512
Net pension	784	1,829	-	2,613
Total Noncurrent Liabilities	12,367	1,989	1	14,357
Total Liabilities	16,851	5,392	14	22,257
DEFERRED INFLOWS OF RESOURCES				
Pension related items	45	104	-	149
Total Deferred Inflows of Resources	45	104	-	149
NET POSITION				
Net investment in capital assets	-	8,127	-	8,127
Unrestricted	1,863	12,101	149	14,113
Total Net Position	\$ 1,863	\$ 20,228	\$ 149	\$ 22,240

City of Irvine
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Self- Insurance	Equipment and Services	Inventory	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 5,893	\$ 21,722	\$ 325	\$ 27,940
Intergovernmental	-	60	-	60
Other	-	72	-	72
Total Operating Revenues	5,893	21,854	325	28,072
OPERATING EXPENSES				
Salaries and benefits	901	3,386	5	4,292
Supplies and equipment	61	6,790	323	7,174
Contract services	462	8,916	-	9,378
Administration	1	1,479	-	1,480
Self-insured losses	3,064	-	-	3,064
Insurance premiums	2,427	56	-	2,483
Depreciation	-	2,322	-	2,322
Total Operating Expenses	6,916	22,949	328	30,193
Operating Income (Loss)	(1,023)	(1,095)	(3)	(2,121)
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	50	63	-	113
Gain (loss) on disposal of equipment	-	163	-	163
Total Nonoperating Revenues	50	226	-	276
Income (Loss) Before Capital Contributions and Transfers	(973)	(869)	(3)	(1,845)
Capital contributions	-	918	-	918
Transfers in	-	925	-	925
Transfers out	(200)	(1,325)	-	(1,525)
Change in Net Position	(1,173)	(351)	(3)	(1,527)
Total Net Position, Beginning	3,036	20,579	152	23,767
Total Net Position, Ending	\$ 1,863	\$ 20,228	\$ 149	\$ 22,240

City of Irvine
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Self- Insurance	Equipment and Services	Inventory	Total Internal Service
Cash Flows From Operating Activities				
Received from customers and users	\$ (28)	122	\$ -	\$ 94
Received from interfund services provided	5,893	21,722	325	27,940
Paid to suppliers and providers	(5,680)	(16,246)	(369)	(22,295)
Paid for salaries and benefits	(879)	(3,325)	(5)	(4,209)
Net Cash Provided (Used) by Operating Activities	(694)	2,273	(49)	1,530
Cash Flows From Non-Capital Financing Activities				
Transfers from other funds	-	925	-	925
Transfers to other funds	(200)	(1,325)	-	(1,525)
Net Cash Provided (Used) by Non-Capital Financing Activities	(200)	(400)	-	(600)
Cash Flows From Capital and Related Financing Activities				
Proceeds from sale of equipment	-	385	-	385
Equipment purchases	-	(2,040)	-	(2,040)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,655)	-	(1,655)
Interest received on investments	47	58	-	105
Net Cash Provided (Used) by Investing Activities	47	58	-	105
Net Increase (Decrease) in Cash and Cash Equivalents	(847)	276	(49)	(620)
Cash and Cash Equivalents, Beginning of Fiscal Year	19,178	15,998	130	35,306
Cash and Cash Equivalents, End of Fiscal Year	\$ 18,331	\$ 16,274	\$ 81	\$ 34,686
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Cash Flows from Operating Activities				
Operating income (loss)	\$ (1,023)	\$ (1,095)	\$ (3)	\$ (2,121)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	2,322	-	2,322
(Increase) decrease in receivables, net of allowances	(28)	44	-	16
(Increase) decrease in prepaid items	-	(166)	-	(166)
(Increase) decrease in due from other funds	-	(54)	-	(54)
(Increase) decrease in inventories	-	-	13	13
(Increase) decrease in deferred outflows	(52)	(120)	-	(172)
Increase (decrease) in accounts payable	(344)	1,154	(59)	751
Increase (decrease) in accrued liabilities	188	-	-	188
Increase (decrease) in due to other governments	-	7	-	7
Increase (decrease) in deferred inflow	13	30	-	43
Increase (decrease) in compensated absences	32	84	-	116
Increase (decrease) in claims payable	491	-	-	491
Increase (decrease) in net pension	29	67	-	96
Total Adjustments	329	3,368	(46)	3,651
Net Cash Provided (Used) by Operating Activities	\$ (694)	\$ 2,273	\$ (49)	\$ 1,530
Schedule of Non-Cash and Related Financing Activities				
Contribution of Capital Assets	\$ -	\$ 918	\$ -	918





FIDUCIARY FUNDS

Fiduciary Funds account for assets held by a governmental entity for other parties, as trustee or as an agent, which cannot be used to finance a governmental entities own operating programs. Fiduciary Funds include the following:

Pension and Employee Benefit Trust Funds - These funds account for resources held in trust for employees and their beneficiaries based on defined benefit pension agreements and defined contribution agreements.

Private-Purpose Trust Funds - These funds serve as custodian for the assets and liabilities of the Successor Agency Trust pending distribution to the appropriate taxing entities and the payment of enforceable obligations.

Agency Funds - These funds account for assets that are held in a custodial relationship. As assets are received, they may be temporarily invested and then remitted to individuals, private organizations, or other governments. One of these funds, the Interagency Custodial Fund, is used to account for cash seized by Public Safety and held until final disposition of the cases. The other agency funds primarily reflect amounts collected and remitted under the terms of the various assessment and community facility districts.

City of Irvine
Combining Statement of Fiduciary Net Position
Pension and Employee Benefit Trust Funds
June 30, 2018
(amount expressed in thousands)

	PENSION TRUST (December 31, 2017)		
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total Pension and Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents	\$ 284	\$ -	\$ 284
Receivables, net of allowances:			
Employer contributions	8	-	8
Plan member contributions	2	-	2
Loans	-	45	45
Investments:			
Pooled funds	19,439	4,315	23,754
Mutual funds - closed end funds equity	201	-	201
Mutual funds - equity	-	4,391	4,391
Mutual funds - corporate bonds	-	591	591
Mutual funds - balanced	-	225	225
Wells Fargo funds - balanced	-	898	898
Total Assets	19,934	10,465	30,399
LIABILITIES			
Accounts payable and other accrued liabilities	-	13	13
Accrued liabilities	21	-	21
Total Liabilities	21	13	34
NET POSITION			
Net position restricted for pensions	19,913	10,452	30,365
Total Net Position	\$ 19,913	\$ 10,452	\$ 30,365

City of Irvine
Combining Statement of Changes in Fiduciary Net Position
Pension and Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2018
(amount expressed in thousands)

	PENSION TRUST (December 31, 2017)		
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total Pension and Employee Benefit Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 184	\$ 114	\$ 298
Plan members	45	48	93
Interest from participants' loan	-	2	2
Total Contributions	229	164	393
Investment income (loss):			
Interest and dividends	7	78	85
Net appreciation (depreciation) in fair value of investments	1,767	1,191	2,958
Total Investment Income	1,774	1,269	3,043
Less: investment expenses	(68)	(26)	(94)
Net Investment Income	1,706	1,243	2,949
Total Additions	1,935	1,407	3,342
DEDUCTIONS			
Benefit payments	1,198	404	1,602
Administrative expenses	16	29	45
Total Deductions	1,214	433	1,647
Change in Net Position	721	974	1,695
Total Net Position, Beginning	19,192	9,478	28,670
Total Net Position, Ending	\$ 19,913	\$ 10,452	\$ 30,365

City of Irvine
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2018
(amounts expressed in thousands)

	Successor Agency Debt Service	Redevelopment Obligation Retirement	Total Successor Agency Private-Purpose Trust Funds
ASSETS			
Cash and investments	\$ 27	\$ 5,061	\$ 5,088
Accrued interest	-	8	8
Due from other governments	235,962	-	235,962
Total Assets	235,989	5,069	241,058
LIABILITIES			
Accounts payable	-	3,979	3,979
Advances from the City of Irvine	235,962	-	235,962
Total Liabilities	235,962	3,979	239,941
NET POSITION			
Held in trust for enforceable obligations	27	1,090	1,117
Total Net Position	\$ 27	\$ 1,090	\$ 1,117

City of Irvine
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Successor Agency Debt Service	Redevelopment Obligation Retirement	Total Successor Agency Private-Purpose Trust Funds
ADDITIONS			
Taxes	\$ -	\$ 4,173	\$ 4,173
Investment income	27	(36)	(9)
Total Additions	<u>27</u>	<u>4,137</u>	<u>4,164</u>
DEDUCTIONS			
Distributions to the County	-	3,973	3,973
Administration	-	47	47
Total Deductions	<u>-</u>	<u>4,020</u>	<u>4,020</u>
Change in Net Position	27	117	144
Total Net Position, Beginning	<u>-</u>	<u>973</u>	<u>973</u>
Total Net Position, Ending	<u><u>\$ 27</u></u>	<u><u>\$ 1,090</u></u>	<u><u>\$ 1,117</u></u>

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
(amounts expressed in thousands)
Page 1 of 6

	Eastwood Assessment District 13-25	Cypress Village Assessment District 11-24	Laguna Alta Assessment District 10-23	Stonegate Assessment District 07-22
ASSETS				
Cash and investments	\$ 3,586	\$ 4,342	\$ 1,477	\$ 5,657
Receivables, net of allowances:				
Taxes	31	22	14	35
Accounts	-	-	-	-
Accrued interest	7	11	3	17
Escrow deposits	-	-	-	-
Due from developers	-	-	-	-
Total Assets	3,624	4,375	1,494	5,709
LIABILITIES				
Accounts payable	-	1	-	20
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	3,624	4,374	1,494	5,689
Due to other governments	-	-	-	-
Total Liabilities	3,624	4,375	1,494	5,709
NET POSITION	\$ -	\$ -	\$ -	\$ -

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City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
(amounts expressed in thousands)
Page 2 of 6

	Orchard Hills Reassessment District 05-21	Portola Springs Reassessment District 04-20	Woodbury Assessment District 03-19	Shady Canyon/ Turtle Ridge Assessment District 00-18
ASSETS				
Cash and investments	\$ 11,709	\$ 8,454	\$ 17	\$ 142
Receivables, net of allowances:				
Taxes	104	37	-	-
Accounts	-	-	-	-
Accrued interest	38	17	-	-
Escrow deposits	-	-	-	-
Due from developers	82	61	113	25
	<u>11,933</u>	<u>8,569</u>	<u>130</u>	<u>167</u>
Total Assets				
	<u>11,933</u>	<u>8,569</u>	<u>130</u>	<u>167</u>
LIABILITIES				
Accounts payable	77	58	103	22
Accrued liabilities	2	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	11,854	8,511	27	145
Due to other governments	-	-	-	-
	<u>11,933</u>	<u>8,569</u>	<u>130</u>	<u>167</u>
Total Liabilities				
	<u>11,933</u>	<u>8,569</u>	<u>130</u>	<u>167</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
(amounts expressed in thousands)
Page 3 of 6

	Irvine Spectrum Reassessment District 85-7	Irvine Spectrum Assessment District 87-8	Irvine Spectrum Assessment District 93-14	Oak Creek Assessment District 94-13
ASSETS				
Cash and investments	\$ 9	\$ 211	\$ 6,947	\$ 318
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	51	-
Escrow deposits	-	-	-	-
Due from developers	81	39	124	44
	<u>90</u>	<u>250</u>	<u>7,122</u>	<u>362</u>
Total Assets				
LIABILITIES				
Accounts payable	76	36	118	40
Accrued liabilities	-	-	1	-
Due to other funds	-	-	-	-
Due to bondholders	14	214	7,003	322
Due to other governments	-	-	-	-
	<u>90</u>	<u>250</u>	<u>7,122</u>	<u>362</u>
Total Liabilities				
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
(amounts expressed in thousands)
Page 4 of 6

	Westpark II Assessment District 94-15	Northwest Assessment District 97-16	Lower Peters Canyon Assessment District 97-17	Reassessment District 12-1
ASSETS				
Cash and investments	\$ 1,488	\$ 489	\$ 470	\$ 20,922
Receivables, net of allowances:				
Taxes	-	-	-	162
Accounts	-	-	-	-
Accrued interest	1	-	1	74
Escrow deposits	-	-	-	-
Due from developers	9	69	85	-
Total Assets	<u>1,498</u>	<u>558</u>	<u>556</u>	<u>21,158</u>
LIABILITIES				
Accounts payable	6	63	78	6
Accrued liabilities	-	-	1	-
Due to other funds	-	-	-	-
Due to bondholders	1,492	495	477	21,152
Due to other governments	-	-	-	-
Total Liabilities	<u>1,498</u>	<u>558</u>	<u>556</u>	<u>21,158</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
(amounts expressed in thousands)
Page 5 of 6

	Reassessment District 13-1	Reassessment District 15-1	Reassessment District 15-2	CFD - Central Park 2004-1
ASSETS				
Cash and investments	\$ 12,038	\$ 10,039	\$ 5,885	\$ 2,153
Receivables, net of allowances:				
Taxes	122	66	37	31
Accounts	-	-	-	-
Accrued interest	58	27	16	3
Escrow deposits	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>12,218</u>	<u>10,132</u>	<u>5,938</u>	<u>2,187</u>
LIABILITIES				
Accounts payable	2	4	1	4
Accrued liabilities	-	-	-	1
Due to other funds	-	-	-	-
Due to bondholders	12,216	10,128	5,937	2,182
Due to other governments	-	-	-	-
Total Liabilities	<u>12,218</u>	<u>10,132</u>	<u>5,938</u>	<u>2,187</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2018
(amounts expressed in thousands)
Page 6 of 6

	CFD - Columbus Grove 2005-2	CFD - Great Park 2013-3	Inter-Agency Custodial Fund	Total Agency Funds
ASSETS				
Cash and investments	\$ 1,699	\$ 24,352	\$ 118	\$ 122,522
Receivables, net of allowances:				
Taxes	13	508	-	1,182
Accounts	-	2,186	-	2,186
Accrued interest	4	158	-	486
Escrow deposits	-	-	-	-
Due from developers	-	-	-	732
Total Assets	<u>1,716</u>	<u>27,204</u>	<u>118</u>	<u>127,108</u>
LIABILITIES				
Accounts payable	3	62	-	780
Accrued liabilities	-	1	-	6
Due to other funds	-	88	-	88
Due to bondholders	1,713	24,915	-	123,978
Due to other governments	-	2,138	118	2,256
Total Liabilities	<u>1,716</u>	<u>27,204</u>	<u>118</u>	<u>127,108</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 1 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Eastwood Assessment District 13-25				
ASSETS				
Cash and investments	\$ 3,525	\$ 2,904	\$ 2,843	\$ 3,586
Receivables, net of allowances:				
Taxes	-	31	-	31
Accounts	-	-	-	-
Accrued interest	4	7	4	7
Due from developers	-	-	-	-
Total Assets	<u>\$ 3,529</u>	<u>\$ 2,942</u>	<u>\$ 2,847</u>	<u>\$ 3,624</u>
LIABILITIES				
Accounts payable	\$ 13	\$ 1,424	\$ 1,437	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	3,516	108	-	3,624
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 3,529</u>	<u>\$ 1,532</u>	<u>\$ 1,437</u>	<u>\$ 3,624</u>
Cypress Village Assessment District 11-24				
ASSETS				
Cash and investments	\$ 4,117	\$ 5,189	\$ 4,964	\$ 4,342
Receivables, net of allowances:				
Taxes	77	22	77	22
Accounts	-	-	-	-
Accrued interest	7	11	7	11
Due from developers	-	-	-	-
Total Assets	<u>\$ 4,201</u>	<u>\$ 5,222</u>	<u>\$ 5,048</u>	<u>\$ 4,375</u>
LIABILITIES				
Accounts payable	\$ 14	\$ 2,565	\$ 2,578	\$ 1
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	4,187	187	-	4,374
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 4,201</u>	<u>\$ 2,752</u>	<u>\$ 2,578</u>	<u>\$ 4,375</u>
Laguna Alta Assessment District 10-23				
ASSETS				
Cash and investments	\$ 1,465	\$ 1,809	\$ 1,797	\$ 1,477
Receivables, net of allowances:				
Taxes	14	14	14	14
Accounts	-	-	-	-
Accrued interest	1	3	1	3
Due from developers	-	-	-	-
Total Assets	<u>\$ 1,480</u>	<u>\$ 1,826</u>	<u>\$ 1,812</u>	<u>\$ 1,494</u>
LIABILITIES				
Accounts payable	\$ -	\$ 897	\$ 897	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	1,480	14	-	1,494
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 1,480</u>	<u>\$ 911</u>	<u>\$ 897</u>	<u>\$ 1,494</u>

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City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 2 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Stonegate Assessment District 07-22				
ASSETS				
Cash and investments	\$ 5,772	\$ 6,730	\$ 6,845	\$ 5,657
Receivables, net of allowances:				
Taxes	41	35	41	35
Accounts	-	-	-	-
Accrued interest	2	17	2	17
Due from developers	-	-	-	-
Total Assets	<u>\$ 5,815</u>	<u>\$ 6,782</u>	<u>\$ 6,888</u>	<u>\$ 5,709</u>
LIABILITIES				
Accounts payable	\$ 20	\$ 2,530	\$ 2,530	\$ 20
Accrued liabilities	1	-	1	-
Due to other funds	-	-	-	-
Due to bondholders	5,794	82	187	5,689
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 5,815</u>	<u>\$ 2,612</u>	<u>\$ 2,718</u>	<u>\$ 5,709</u>
Orchard Hills Reassessment District 05-21				
ASSETS				
Cash and investments	\$ 9,970	\$ 30,162	\$ 28,423	\$ 11,709
Receivables, net of allowances:				
Taxes	132	104	132	104
Accounts	26	171	197	-
Accrued interest	4	38	4	38
Due from developers	92	360	370	82
Total Assets	<u>\$ 10,224</u>	<u>\$ 30,835</u>	<u>\$ 29,126</u>	<u>\$ 11,933</u>
LIABILITIES				
Accounts payable	\$ 116	\$ 5,421	\$ 5,460	\$ 77
Accrued liabilities	-	2	-	2
Due to other funds	-	-	-	-
Due to bondholders	10,108	2,239	493	11,854
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 10,224</u>	<u>\$ 7,662</u>	<u>\$ 5,953</u>	<u>\$ 11,933</u>
Portola Springs Reassessment District 04-20				
ASSETS				
Cash and investments	\$ 9,570	\$ 5,537	\$ 6,653	\$ 8,454
Receivables, net of allowances:				
Taxes	25	37	25	37
Accounts	-	-	-	-
Accrued interest	3	17	3	17
Due from developers	74	269	282	61
Total Assets	<u>\$ 9,672</u>	<u>\$ 5,860</u>	<u>\$ 6,963</u>	<u>\$ 8,569</u>
LIABILITIES				
Accounts payable	\$ 77	\$ 2,825	\$ 2,844	\$ 58
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	9,595	87	1,171	8,511
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 9,672</u>	<u>\$ 2,912</u>	<u>\$ 4,015</u>	<u>\$ 8,569</u>

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City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 3 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Woodbury Assessment District 03-19				
ASSETS				
Cash and investments	\$ 11	\$ 501	\$ 495	\$ 17
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	125	489	501	113
Total Assets	<u>\$ 136</u>	<u>\$ 990</u>	<u>\$ 996</u>	<u>\$ 130</u>
LIABILITIES				
Accounts payable	\$ 123	\$ 459	\$ 479	\$ 103
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	13	14	-	27
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 136</u>	<u>\$ 473</u>	<u>\$ 479</u>	<u>\$ 130</u>
Shady Canyon/Turtle Ridge Assessment District 00-18				
ASSETS				
Cash and investments	\$ 125	\$ 136	\$ 119	\$ 142
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	36	109	120	25
Total Assets	<u>\$ 161</u>	<u>\$ 245</u>	<u>\$ 239</u>	<u>\$ 167</u>
LIABILITIES				
Accounts payable	\$ 28	\$ 99	\$ 105	\$ 22
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	133	12	-	145
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 161</u>	<u>\$ 111</u>	<u>\$ 105</u>	<u>\$ 167</u>
Irvine Spectrum Reassessment District 85-7				
ASSETS				
Cash and investments	\$ -	\$ 373	\$ 364	\$ 9
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	101	359	379	81
Total Assets	<u>\$ 101</u>	<u>\$ 732</u>	<u>\$ 743</u>	<u>\$ 90</u>
LIABILITIES				
Accounts payable	\$ 87	\$ 345	\$ 356	\$ 76
Accrued liabilities	8	-	8	-
Due to other funds	-	-	-	-
Due to bondholders	6	8	-	14
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 101</u>	<u>\$ 353</u>	<u>\$ 364</u>	<u>\$ 90</u>

-continued-

City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
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	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Irvine Spectrum Assessment District 87-8				
ASSETS				
Cash and investments	\$ 204	\$ 183	\$ 176	\$ 211
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	50	167	178	39
Total Assets	<u>\$ 254</u>	<u>\$ 350</u>	<u>\$ 354</u>	<u>\$ 250</u>
LIABILITIES				
Accounts payable	\$ 44	\$ 159	\$ 167	\$ 36
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	210	4	-	214
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 254</u>	<u>\$ 163</u>	<u>\$ 167</u>	<u>\$ 250</u>
Irvine Spectrum Assessment District 93-14				
ASSETS				
Cash and investments	\$ 6,865	\$ 637	\$ 555	\$ 6,947
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	15	51	15	51
Due from developers	137	547	560	124
Total Assets	<u>\$ 7,017</u>	<u>\$ 1,235</u>	<u>\$ 1,130</u>	<u>\$ 7,122</u>
LIABILITIES				
Accounts payable	\$ 122	\$ 533	\$ 537	\$ 118
Accrued liabilities	-	1	-	1
Due to other funds	-	-	-	-
Due to bondholders	6,895	108	-	7,003
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 7,017</u>	<u>\$ 642</u>	<u>\$ 537</u>	<u>\$ 7,122</u>
Oak Creek Assessment District 94-13				
ASSETS				
Cash and investments	\$ 251	\$ 256	\$ 189	\$ 318
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	54	186	196	44
Total Assets	<u>\$ 305</u>	<u>\$ 442</u>	<u>\$ 385</u>	<u>\$ 362</u>
LIABILITIES				
Accounts payable	\$ 51	\$ 171	\$ 182	\$ 40
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	254	68	-	322
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 305</u>	<u>\$ 239</u>	<u>\$ 182</u>	<u>\$ 362</u>

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City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
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	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Westpark II Assessment District 94-15				
ASSETS				
Cash and investments	\$ 1,467	\$ 113	\$ 92	\$ 1,488
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	1	-	1
Due from developers	18	48	57	9
Total Assets	<u>\$ 1,485</u>	<u>\$ 162</u>	<u>\$ 149</u>	<u>\$ 1,498</u>
LIABILITIES				
Accounts payable	\$ 15	\$ 34	\$ 43	\$ 6
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	1,470	22	-	1,492
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 1,485</u>	<u>\$ 56</u>	<u>\$ 43</u>	<u>\$ 1,498</u>
Northwest Assessment District 97-16				
ASSETS				
Cash and investments	\$ 478	\$ 299	\$ 288	\$ 489
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	79	283	293	69
Total Assets	<u>\$ 557</u>	<u>\$ 582</u>	<u>\$ 581</u>	<u>\$ 558</u>
LIABILITIES				
Accounts payable	\$ 75	\$ 264	\$ 276	\$ 63
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	482	13	-	495
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 557</u>	<u>\$ 277</u>	<u>\$ 276</u>	<u>\$ 558</u>
Lower Peters Canyon Assessment District 97-17				
ASSETS				
Cash and investments	\$ 469	\$ 562	\$ 561	\$ 470
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	1	1	1	1
Due from developers	91	355	361	85
Total Assets	<u>\$ 561</u>	<u>\$ 918</u>	<u>\$ 923</u>	<u>\$ 556</u>
LIABILITIES				
Accounts payable	\$ 86	\$ 437	\$ 445	\$ 78
Accrued liabilities	-	1	-	1
Due to other funds	-	-	-	-
Due to bondholders	475	2	-	477
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 561</u>	<u>\$ 440</u>	<u>\$ 445</u>	<u>\$ 556</u>

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City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 6 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Reassessment District 12-1				
ASSETS				
Cash and investments	\$ 20,574	\$ 26,634	\$ 26,286	\$ 20,922
Receivables, net of allowances:				
Taxes	157	162	157	162
Accounts	-	-	-	-
Accrued interest	20	74	20	74
Due from developers	-	-	-	-
Total Assets	<u>\$ 20,751</u>	<u>\$ 26,870</u>	<u>\$ 26,463</u>	<u>\$ 21,158</u>
LIABILITIES				
Accounts payable	\$ -	\$ 13,158	\$ 13,152	\$ 6
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	20,751	401	-	21,152
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 20,751</u>	<u>\$ 13,559</u>	<u>\$ 13,152</u>	<u>\$ 21,158</u>
Reassessment District 13-1				
ASSETS				
Cash and investments	\$ 11,888	\$ 15,071	\$ 14,921	\$ 12,038
Receivables, net of allowances:				
Taxes	94	122	94	122
Accounts	-	-	-	-
Accrued interest	17	58	17	58
Due from developers	-	-	-	-
Total Assets	<u>\$ 11,999</u>	<u>\$ 15,251</u>	<u>\$ 15,032</u>	<u>\$ 12,218</u>
LIABILITIES				
Accounts payable	\$ 2	\$ 7,489	\$ 7,489	\$ 2
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	11,997	219	-	12,216
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 11,999</u>	<u>\$ 7,708</u>	<u>\$ 7,489</u>	<u>\$ 12,218</u>
Reassessment District 15-1				
ASSETS				
Cash and investments	\$ 10,069	\$ 12,436	\$ 12,466	\$ 10,039
Receivables, net of allowances:				
Taxes	91	66	91	66
Accounts	-	-	-	-
Accrued interest	6	27	6	27
Due from developers	-	-	-	-
Total Assets	<u>\$ 10,166</u>	<u>\$ 12,529</u>	<u>\$ 12,563</u>	<u>\$ 10,132</u>
LIABILITIES				
Accounts payable	\$ -	\$ 6,187	\$ 6,183	\$ 4
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	10,166	-	38	10,128
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 10,166</u>	<u>\$ 6,187</u>	<u>\$ 6,221</u>	<u>\$ 10,132</u>

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City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
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	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
Reassessment District 15-2				
ASSETS				
Cash and investments	\$ 5,778	\$ 8,015	\$ 7,908	\$ 5,885
Receivables, net of allowances:				
Taxes	48	37	48	37
Accounts	-	-	-	-
Accrued interest	3	16	3	16
Due from developers	-	-	-	-
Total Assets	<u>\$ 5,829</u>	<u>\$ 8,068</u>	<u>\$ 7,959</u>	<u>\$ 5,938</u>
LIABILITIES				
Accounts payable	\$ -	\$ 3,982	\$ 3,981	\$ 1
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	5,829	108	-	5,937
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 5,829</u>	<u>\$ 4,090</u>	<u>\$ 3,981</u>	<u>\$ 5,938</u>
CFD-Central Park 2004-1				
ASSETS				
Cash and investments	\$ 4,608	\$ 2,748	\$ 5,203	\$ 2,153
Receivables, net of allowances:				
Taxes	33	31	33	31
Accounts	-	-	-	-
Accrued interest	-	3	-	3
Due from developers	-	-	-	-
Total Assets	<u>\$ 4,641</u>	<u>\$ 2,782</u>	<u>\$ 5,236</u>	<u>\$ 2,187</u>
LIABILITIES				
Accounts payable	\$ 3	\$ 1,360	\$ 1,359	\$ 4
Accrued liabilities	-	1	-	1
Due to other funds	-	-	-	-
Due to bondholders	4,638	18	2,474	2,182
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 4,641</u>	<u>\$ 1,379</u>	<u>\$ 3,833</u>	<u>\$ 2,187</u>
CFD-Columbus Grove 2005-2				
ASSETS				
Cash and investments	\$ 1,692	\$ 2,232	\$ 2,225	\$ 1,699
Receivables, net of allowances:				
Taxes	13	13	13	13
Accounts	-	-	-	-
Accrued interest	-	4	-	4
Due from developers	-	-	-	-
Total Assets	<u>\$ 1,705</u>	<u>\$ 2,249</u>	<u>\$ 2,238</u>	<u>\$ 1,716</u>
LIABILITIES				
Accounts payable	\$ 2	\$ 1,114	\$ 1,113	\$ 3
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	1,703	10	-	1,713
Due to other governments	-	-	-	-
Total Liabilities	<u>\$ 1,705</u>	<u>\$ 1,124</u>	<u>\$ 1,113</u>	<u>\$ 1,716</u>

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City of Irvine
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)
Page 8 of 8

	June 30, 2017 Balance	Additions	Deductions	June 30, 2018 Balance
CFD-Great Park 2013-3				
ASSETS				
Cash and investments	\$ 23,671	\$ 37,261	\$ 36,580	\$ 24,352
Receivables, net of allowances:				
Taxes	579	508	579	508
Accounts	2,076	2,185	2,075	2,186
Accrued interest	63	158	63	158
Due from developers	-	50	50	-
Total Assets	<u>\$ 26,389</u>	<u>\$ 40,162</u>	<u>\$ 39,347</u>	<u>\$ 27,204</u>
LIABILITIES				
Accounts payable	\$ 12	\$ 12,874	\$ 12,824	\$ 62
Accrued liabilities	-	1	-	1
Due to other funds	-	88	-	88
Due to bondholders	24,302	788	175	24,915
Due to other governments	2,075	2,138	2,075	2,138
Total Liabilities	<u>\$ 26,389</u>	<u>\$ 15,889</u>	<u>\$ 15,074</u>	<u>\$ 27,204</u>
Inter-Agency Custodial Fund				
ASSETS				
Cash and investments	\$ 115	\$ 327	\$ 324	\$ 118
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 115</u>	<u>\$ 327</u>	<u>\$ 324</u>	<u>\$ 118</u>
LIABILITIES				
Accounts payable	\$ 8	\$ 158	\$ 166	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to bondholders	-	-	-	-
Due to other governments	107	167	156	118
Total Liabilities	<u>\$ 115</u>	<u>\$ 325</u>	<u>\$ 322</u>	<u>\$ 118</u>
Total Agency Funds				
ASSETS				
Cash and investments	\$ 122,684	\$ 160,115	\$ 160,277	\$ 122,522
Receivables, net of allowances:				
Taxes	1,304	1,182	1,304	1,182
Accounts	2,102	2,356	2,272	2,186
Accrued interest	146	486	146	486
Due from developers	857	3,222	3,347	732
Total Assets	<u>\$ 127,093</u>	<u>\$ 167,361</u>	<u>\$ 167,346</u>	<u>\$ 127,108</u>
LIABILITIES				
Accounts payable	\$ 898	\$ 64,485	\$ 64,603	\$ 780
Accrued liabilities	9	6	9	6
Due to other funds	-	88	-	88
Due to bondholders	124,004	4,512	4,538	123,978
Due to other governments	2,182	2,305	2,231	2,256
Total Liabilities	<u>\$ 127,093</u>	<u>\$ 71,396</u>	<u>\$ 71,381</u>	<u>\$ 127,108</u>



STATISTICAL SECTION

This section of the City of Irvine's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends Schedules - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds
- Tax Revenue by Source - Governmental Funds

Revenue Capacity Schedules - These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

- Assessed Value and Estimated Actual Value of Taxable Property
- Taxable Sales by Category
- Direct and Overlapping Property Tax Rates
- Principal Property Taxpayers
- Property Tax Levies and Collections

Debt Capacity Schedules - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

- Ratio of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Schedule of Direct and Overlapping Bonded Debt
- Legal Debt Margin

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

- Demographic and Economic Statistics
- Principal Employers
- Budgeted Full-Time, Part-Time, and Non-Hourly Positions by Function

Operating Information - These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

- Capital Asset Statistics
- Operating Indicators by Function
- Miscellaneous Statistical Information

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City of Irvine
Net Position by Component
Last Ten Fiscal Years
(amounts expressed in thousands)

	2018	2017	2016	2015
Governmental Activities				
Net investment in capital assets	\$ 1,745,962	\$ 1,601,315	\$ 1,566,452	\$ 1,517,272
Restricted	493,547	583,855	500,057	478,204
Unrestricted	442,116	433,617	434,395	416,521
Total Governmental Activities Net Position	<u>\$ 2,681,625</u>	<u>\$ 2,618,787</u>	<u>\$ 2,500,904</u>	<u>\$ 2,411,997</u>
 Primary Government				
Net investment in capital assets	\$ 1,745,962	\$ 1,601,315	\$ 1,566,452	\$ 1,517,272
Restricted	493,547	583,855	500,057	478,204
Unrestricted	442,116	433,617	434,395	416,521
Total Primary Government Net Position	<u>\$ 2,681,625</u>	<u>\$ 2,618,787</u>	<u>\$ 2,500,904</u>	<u>\$ 2,411,997</u>

Source: City Fiscal Services Division

2014	2013	2012	2011	2010	2009
\$ 1,541,807	\$ 1,575,361	\$ 1,537,181	\$ 1,523,430	\$ 1,488,021	\$ 1,459,815
404,305	320,962	287,906	294,596	349,681	375,082
351,248	362,179	384,731	287,840	244,927	294,354
<u>\$ 2,297,360</u>	<u>\$ 2,258,502</u>	<u>\$ 2,209,818</u>	<u>\$ 2,105,866</u>	<u>\$ 2,082,629</u>	<u>\$ 2,129,251</u>

\$ 1,541,807	\$ 1,575,361	\$ 1,537,181	\$ 1,523,430	\$ 1,488,021	\$ 1,459,815
404,305	320,962	287,906	294,596	349,681	375,082
351,248	362,179	384,731	287,840	244,927	294,354
<u>\$ 2,297,360</u>	<u>\$ 2,258,502</u>	<u>\$ 2,209,818</u>	<u>\$ 2,105,866</u>	<u>\$ 2,082,629</u>	<u>\$ 2,129,251</u>

City of Irvine
Change in Net Position
Last Ten Fiscal Years
(amounts expressed in thousands)

	2018	2017	2016	2015
EXPENSES				
Governmental Activities				
General Government	\$ 46,151	\$ 36,411	\$ 29,152	\$ 24,558
Public Safety	77,266	71,836	63,878	59,266
Public Works	99,067	106,478	91,387	70,697
Community Services	46,104	40,231	37,152	39,119
Community Development ⁽¹⁾	31,993	34,743	27,943	24,278
Transportation ⁽¹⁾	3,408	-	-	-
Great Park ⁽²⁾	-	-	-	-
Interest on long-term debt	-	-	-	6
Unallocated infrastructure depreciation	58,997	55,529	51,423	49,647
Total Governmental Activities Expenses	<u>\$ 362,986</u>	<u>\$ 345,228</u>	<u>\$ 300,935</u>	<u>\$ 267,571</u>
PROGRAM REVENUES				
Governmental Activities				
Charges for services:				
General Government	\$ 9,805	\$ 12,259	\$ 11,336	\$ 4,566
Public Safety	2,870	2,984	2,968	4,395
Public Works	30,947	33,599	26,898	46,387
Community Services	15,230	13,526	12,611	19,362
Community Development ⁽¹⁾	25,296	29,367	27,545	19,414
Transportation ⁽¹⁾	227	-	-	-
Great Park ⁽²⁾	-	-	-	-
Operating grants and contributions	36,550	26,790	29,738	30,404
Capital grants and contributions	185,320	170,654	136,641	111,989
Total Governmental Activities Program Revenues	<u>306,245</u>	<u>289,179</u>	<u>247,737</u>	<u>236,517</u>
Total Net Revenues (Expenses)	<u><u>\$ (56,741)</u></u>	<u><u>\$ (56,049)</u></u>	<u><u>\$ (53,198)</u></u>	<u><u>\$ (31,054)</u></u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities				
Taxes:				
Property tax ⁽³⁾	\$ 68,135	\$ 62,374	\$ 57,944	\$ 53,300
Sales taxes	62,834	61,617	62,120	58,725
Franchise taxes	14,243	14,022	14,669	14,100
Transient occupancy taxes	18,632	15,708	15,368	13,465
Document transfer taxes	4,631	3,957	3,762	3,554
Business license taxes	-	-	-	-
Unrestricted motor vehicle in-lieu	140	116	101	99
Gain on sale of assets	3,884	-	-	10,112
Investment revenue	4,441	2,500	5,779	5,243
Other revenue	214	184	825	118
Total General Revenues	<u>177,154</u>	<u>160,478</u>	<u>160,568</u>	<u>158,716</u>
Extraordinary gain (loss)	-	-	(7,781)	107,833
Special item	-	-	99	-
Changes in Net Position	<u><u>\$ 120,413</u></u>	<u><u>\$ 104,429</u></u>	<u><u>\$ 99,688</u></u>	<u><u>\$ 235,495</u></u>

(1) Transportation department established in fiscal year 2017-18.

(2) Great Park department established in fiscal year 2006-07. During fiscal year 2013-14, the Great Park department was reorganized and all activities were absorbed into the other City departments.

(3) City amounts included the Redevelopment Agency's incremental valuation. On February 1, 2012, the State of California dissolved all redevelopment agencies and the redevelopment agency tax incremental value was no longer received.

2014	2013	2012	2011	2010	2009
\$ 32,863	\$ 28,141	\$ 54,380	\$ 20,267	\$ 23,199	\$ 20,495
62,745	59,284	57,563	57,091	57,891	57,693
63,897	70,423	59,037	58,702	59,666	55,070
22,980	29,944	35,806	33,006	26,715	32,284
39,689	20,575	20,694	21,747	25,447	32,453
-	-	-	-	-	-
16,812	59,621	16,398	14,747	17,593	13,235
16	20	26	68	14,803	14,111
48,367	46,693	44,770	42,778	41,026	38,928
<u>\$ 287,369</u>	<u>\$ 314,701</u>	<u>\$ 288,674</u>	<u>\$ 248,406</u>	<u>\$ 266,340</u>	<u>\$ 264,269</u>
\$ 1,984	\$ 560	\$ 1,741	\$ 462	\$ 7,354	\$ 681
4,548	4,471	3,172	3,460	4,163	4,273
18,321	13,847	7,210	10,465	12,057	10,856
15,375	14,326	9,070	9,069	9,219	10,896
30,129	14,410	15,788	17,579	6,896	4,828
-	-	-	-	-	-
3,292	4,233	3,212	2,946	3,521	3,384
31,661	32,664	23,693	16,570	9,644	15,702
76,751	145,897	36,104	71,731	31,707	52,238
<u>182,061</u>	<u>230,408</u>	<u>99,990</u>	<u>132,282</u>	<u>84,561</u>	<u>102,858</u>
<u>\$ (105,308)</u>	<u>\$ (84,293)</u>	<u>\$ (188,684)</u>	<u>\$ (116,124)</u>	<u>\$ (181,779)</u>	<u>\$ (161,411)</u>
\$ 49,524	\$ 46,659	\$ 47,862	\$ 48,370	\$ 50,791	\$ 54,168
56,499	51,596	48,972	48,694	42,209	49,732
13,690	12,505	12,163	12,099	11,223	11,704
11,664	11,256	8,489	8,294	7,306	7,768
2,911	2,404	1,426	1,536	1,626	996
-	-	905	911	-	-
98	115	108	981	628	715
144	129	563	64	62	165
15,632	7,740	7,982	4,786	20,492	7,325
93	1,448	250	27	179	20
<u>150,255</u>	<u>133,852</u>	<u>128,720</u>	<u>125,762</u>	<u>134,516</u>	<u>132,593</u>
(5,500)	163,916	-	-	-	-
-	-	-	-	-	-
<u>\$ 39,447</u>	<u>\$ 213,475</u>	<u>\$ (59,964)</u>	<u>\$ 9,638</u>	<u>\$ (47,263)</u>	<u>\$ (28,818)</u>

City of Irvine
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

	2018 ⁽¹⁾	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾
GENERAL FUND				
Non Spendable	\$ 5	\$ -	\$ 87	\$ 7,617
Restricted	5,936	2,784	8,188	5,682
Committed	36,811	41,034	30,090	25,946
Assigned	72,601	79,242	77,713	63,790
Unassigned	9,788	3,912	12,163	23,867
Total General Fund	<u>\$ 125,141</u>	<u>\$ 126,972</u>	<u>\$ 128,241</u>	<u>\$ 126,902</u>
ALL OTHER GOVERNMENTAL FUNDS				
Non Spendable	\$ 499	\$ 518	\$ 526	\$ 496
Restricted	499,515	585,466	502,440	750,871
Committed	77,230	106,858	374,603	79,880
Assigned	305,023	269,151	2,899	5,256
Unassigned	(2,907)	(3,495)	(2,493)	(2,483)
Total All Other Governmental Funds	<u>\$ 879,360</u>	<u>\$ 958,498</u>	<u>\$ 877,975</u>	<u>\$ 834,020</u>
ALL GOVERNMENTAL FUNDS	<u>\$ 1,004,501</u>	<u>\$ 1,085,470</u>	<u>\$ 1,006,216</u>	<u>\$ 960,922</u>

GENERAL FUND

Reserved
Unreserved

Total General Fund

ALL OTHER GOVERNMENTAL FUNDS

Reserved
Unreserved, reported in:
Special Revenue Funds
Capital Project Funds
Permanent Funds

Total All Other Governmental Funds

ALL GOVERNMENTAL FUNDS

(1) The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) beginning fiscal year ended June 30, 2010.

(2) Information prior to the implementation of GASB 54 is unavailable.

Source: City Fiscal Services Division

2014 ⁽¹⁾	2013 ⁽¹⁾	2012 ⁽¹⁾	2011 ⁽¹⁾	2010 ⁽¹⁾	2009 ⁽²⁾
\$ 8,033	\$ 7,987	\$ 7,736	\$ 7,816	\$ 7,054	
5,730	5,378	5,435	4,927	5,234	
18,904	16,538	16,033	7,863	15,938	
66,581	70,987	74,850	74,674	75,411	
8,666	11,105	7,878	13,474	312	
<u>\$ 107,914</u>	<u>\$ 111,995</u>	<u>\$ 111,932</u>	<u>\$ 108,754</u>	<u>\$ 103,949</u>	

\$ 586	\$ 136,400	\$ 136,178	\$ 175,116	\$ 136,584	
501,039	296,160	269,852	281,699	273,138	
50,195	63,194	82,706	148,216	185,655	
7,148	5,062	12,621	10,712	15,022	
-	(2,453)	(1,536)	(224,542)	(180,521)	
<u>\$ 558,968</u>	<u>\$ 498,363</u>	<u>\$ 499,821</u>	<u>\$ 391,201</u>	<u>\$ 429,878</u>	
<u>\$ 666,882</u>	<u>\$ 610,358</u>	<u>\$ 611,753</u>	<u>\$ 499,955</u>	<u>\$ 533,827</u>	

2009
\$ 9,427
<u>100,769</u>
<u>\$ 110,196</u>

\$ 335,955
127,296
52,429
<u>170</u>
<u>\$ 515,850</u>
<u>\$ 626,046</u>

City of Irvine
Change in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

	2018	2017	2016	2015
REVENUES				
Taxes				
Property taxes	\$ 68,135	\$ 62,374	\$ 67,060	\$ 53,300
Sales and use taxes	68,543	67,622	70,047	62,925
All other taxes	53,989	47,472	51,291	48,373
Licenses & permits	9,806	9,301	9,594	10,750
Fines & forfeitures	1,415	1,394	1,453	1,531
Investment income	4,453	2,941	7,098	4,216
Intergovernmental	7,583	9,870	14,317	11,663
Charges for services	34,226	39,332	36,023	33,673
Contributions from property owners-				
Special districts contributions	19,676	137,228	77,699	69,650
Revenue from developers	34,726	45,527	53,373	49,110
Special assessments	20,240	17,559	6,809	32,615
Donations	627	549	724	664
Other revenue	5,138	4,165	4,660	5,014
Total Revenues	<u>328,557</u>	<u>445,334</u>	<u>400,148</u>	<u>383,484</u>
EXPENDITURES				
Current:				
General Government	44,549	34,962	29,957	29,446
Public Safety	77,210	73,116	70,062	65,624
Public Works	51,149	53,331	60,261	50,841
Community Development	30,578	35,494	31,341	26,390
Community Services	44,912	40,618	39,673	35,920
Transportation ⁽¹⁾	3,398	-	-	-
Great Park ⁽²⁾	-	-	-	-
Street lighting	-	-	-	-
Capital Outlay	121,663	128,972	121,094	53,138
Debt Services:				
Principal retirement	-	-	-	-
Interest & fiscal charges	-	-	-	-
Administration	-	-	-	-
Total Expenditures	<u>373,459</u>	<u>366,493</u>	<u>352,388</u>	<u>261,359</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(44,902)</u>	<u>78,841</u>	<u>47,760</u>	<u>122,125</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term note	-	-	-	-
Proceeds from sale of property	4,027	21	125	14,224
Transfers in	46,581	71,162	55,454	47,426
Transfers out	<u>(45,981)</u>	<u>(71,187)</u>	<u>(55,617)</u>	<u>(47,735)</u>
Total Other Financing Sources (Uses)	<u>4,627</u>	<u>(4)</u>	<u>(38)</u>	<u>13,915</u>
EXTRAORDINARY GAIN (LOSS)				
Forgiveness of debts	-	-	-	-
Dissolution of redevelopment agency	-	-	-	-
Settlement agreement	-	-	(6,568)	158,000
Special item	-	-	99	158,000
Total Extraordinary Gain (Loss)	<u>-</u>	<u>-</u>	<u>(6,469)</u>	<u>316,000</u>
Net Change in Fund Balances	<u>\$ (40,275)</u>	<u>\$ 78,837</u>	<u>\$ 41,253</u>	<u>\$ 452,040</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES				
	0.0%	0.0%	0.0%	0.0%

(1) Transportation department established in fiscal year 2017-18.

(2) Great Park department established in fiscal year 2006-07. During fiscal year 2013-14, the Great Park department was reorganized and all activities were absorbed into the other City departments.

Source: City Fiscal Services Division

2014	2013	2012	2011	2010	2009
\$ 49,524	\$ 46,659	\$ 47,861	\$ 50,608	\$ 51,106	\$ 54,168
59,385	54,663	52,566	48,487	42,209	49,732
41,891	37,445	30,732	33,371	25,393	25,402
7,401	6,865	6,091	6,122	4,395	4,592
1,830	1,780	2,065	1,916	1,948	1,936
4,496	(283)	4,146	10,488	10,845	23,089
16,312	18,694	14,072	35,419	35,367	43,610
31,834	27,702	24,057	33,496	34,405	34,202
25,257	31,520	2,489	38,318	-	498
59,124	53,469	16,539	7,641	336	1,103
6,172	6,015	5,673	5,372	4,904	5,203
915	655	572	574	791	537
3,394	4,234	3,400	4,392	4,065	2,936
307,535	289,418	210,263	276,204	215,764	247,008
31,305	26,446	52,183	28,346	29,457	30,572
63,130	60,211	56,264	55,586	56,165	56,404
40,451	41,330	34,663	27,188	35,709	33,833
25,839	23,321	22,873	27,234	25,888	33,985
38,861	34,839	33,965	32,054	33,667	34,240
-	-	-	-	-	-
12,364	15,235	16,079	14,779	17,743	13,073
-	-	6,403	6,892	5,658	6,226
48,558	86,345	60,461	95,986	76,164	84,770
-	-	-	8,260	7,525	6,990
-	-	4,866	16,336	14,690	14,038
-	-	-	11	43	75
260,508	287,727	287,757	312,672	302,709	314,206
47,027	1,691	(77,494)	(36,468)	(86,945)	(67,198)
-	-	-	-	62	48
46	40	1,125	322	-	-
23,505	31,166	16,304	215,415	124,556	65,542
(23,408)	(33,417)	(16,309)	(213,141)	(113,586)	(64,308)
143	(2,211)	1,120	2,596	11,032	1,282
-	-	25,823	-	-	-
-	-	162,349	-	-	-
(5,500)	-	-	-	-	-
(5,500)	-	-	-	-	-
(11,000)	-	188,172	-	-	-
\$ 36,170	\$ (520)	\$ 111,798	\$ (33,872)	\$ (75,913)	\$ (65,916)
0.0%	0.0%	2.1%	11.4%	9.8%	9.2%

City of Irvine
Tax Revenues by Sources – Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Property Tax		Sales Tax	Transient Occupancy Tax	Franchise Tax	Document Transfer Tax	Other	Total
	City	Redevelopment Agency ⁽¹⁾						
2018	\$ 67,957	\$ 178	\$ 68,543	\$ 14,883	\$ 13,217	\$ 4,631	\$ 21,258	\$ 190,667
2017	62,217	157	67,622	12,520	13,089	3,957	17,906	177,468
2016	66,934	126	70,047	12,294	13,828	3,762	21,407	188,398
2015	53,086	214	62,925	10,772	13,479	3,554	20,568	164,598
2014	49,442	82	59,385	9,331	13,100	2,911	16,549	150,800
2013	46,564	95	54,663	9,005	11,950	2,404	14,086	138,767
2012	44,549	3,312	52,566	8,489	11,591	1,426	9,226	131,159
2011	44,122	6,486	48,487	8,294	11,548	1,536	11,993	132,466
2010	45,065	6,041	42,209	7,268	11,223	1,626	5,276	118,708
2009	45,395	8,773	49,732	7,768	11,704	996	4,934	129,302

(1) Redevelopment Agency tax increment began in fiscal year 2006-07. Redevelopment Agency was dissolved on February 1, 2012.

Source: City Fiscal Services Divisions

City of Irvine
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	City			Redevelopment Agency			Tax Rate
	Secured	Unsecured	Assessed Value	Secured	Unsecured	Incremental Valuation	
2018	\$ 67,809,744	\$ 4,088,964	\$ 71,898,708	\$ 3,139,146	\$ (3,269)	\$ 3,135,877	0.02992%
2017	61,937,181	3,817,062	65,754,243	2,539,915	(1,237)	2,538,678	0.03180%
2016	57,124,817	3,787,877	60,912,694	1,770,656	(3,350)	1,767,306	0.03180%
2015	51,916,631	3,777,254	55,693,885	964,448	(2,996)	961,452	0.03229%
2014	47,393,124	3,609,124	51,002,248	611,004	(3,483)	607,521	0.03267%
2013	45,033,193	3,612,900	48,646,093	601,935	3,758	605,693	0.04014%
2012	43,706,257	3,429,975	47,136,232	634,613	6,549	641,162	0.04138%
2011	43,014,470	3,524,106	46,538,576	615,471	6,958	622,429	0.04144%
2010	43,656,457	3,555,544	47,212,001	598,070	4,229	602,299	0.04102%
2009	43,638,081	3,619,528	47,257,609	864,486	7,657	872,143	0.04667%

Note:

Estimated value of taxable property not readily available in the State of California. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations of proposition 13 passed in 1978.

(1) Redevelopment Agency tax increment began in fiscal year 2006-07. Redevelopment Agency was dissolved on February 1, 2012.

Sources: HdL, Coren & Cone, MuniServices, LLC, Orange County Assessor

City of Irvine
Taxable Sales by Category
Last Ten Fiscal Years
(amounts expressed in thousands)

	2018 [*]	2017 ⁽¹⁾	2016 ⁽¹⁾	2015
Apparel stores	\$ *	\$ 218,728	\$ 222,412	\$ 210,020
General merchandise	*	385,098	404,982	411,544
Food stores	*	125,787	120,943	122,536
Eating & drinking places	*	776,070	724,466	669,075
Home furnishings & appliances	*	-	-	-
Building material & farm tools	*	143,658	137,627	121,412
Auto dealers & supplies	*	900,540	837,144	819,580
Service stations	*	247,127	235,122	264,856
Other retail stores	*	835,929	787,667	821,149
All other outlets	*	2,668,557	2,680,024	2,617,234
Total	\$ -	\$ 6,301,494	\$ 6,150,387	\$ 6,057,406
City Direct Sales Tax Rate	1.00%	1.00%	0.75% ⁽³⁾	0.75% ⁽²⁾

(1) The State Board of Equalization no longer provides the Taxable Sales by Category. Beginning in the fiscal year 2014-15, the information was provided by the HdL Companies.

(2) The State reduced the actual sales tax allocation by 0.25%, and used this 0.25% as security for the State's "Economic Recovery Bonds." The State has replaced the 0.25% reduction of sales tax with a dollar-for-dollar allocation of local property tax from the County ERAF funds.

(3) Beginning in March 2016, which represents sales activity starting January 1, 2016, and thereafter, the sales tax allocation will revert back to the original 1% amount.

*Statistical for fiscal year 2017-18 is unavailable at the present time.

Sources: California Department of Taxes and Fees Administration, State Board of Equalization, The HdL Companies

2014	2013	2012	2011	2010	2009
\$ 213,839	\$ 209,566	\$ 195,765	\$ 182,997	\$ 172,603	\$ 165,975
370,563	333,813	290,142	295,272	278,703	313,425
609,828	148,776	142,268	137,485	125,234	118,234
151,152	563,941	520,632	471,740	445,344	437,188
410,687	372,189	340,419	308,224	283,000	238,432
106,565	95,815	90,901	83,541	73,915	70,540
655,268	626,940	570,374	536,199	474,807	467,329
277,156	276,639	268,934	230,887	197,404	182,025
438,521	428,451	387,844	286,806	285,369	372,985
1,766,788	1,600,281	1,628,911	1,585,799	1,472,038	1,574,474
<u>\$ 5,000,367</u>	<u>\$ 4,656,411</u>	<u>\$ 4,436,190</u>	<u>\$ 4,118,950</u>	<u>\$ 3,808,417</u>	<u>\$ 3,940,607</u>
0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾	0.75% ⁽²⁾

City of Irvine
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(expressed as a rate per \$100 of assessed value)

Agency	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Basic Levy ⁽¹⁾	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Irvine Ranch Water	0.02800	0.02800	0.17102	0.17102	0.41339	0.41339	0.41344	0.52028	0.52028	0.30414
Irvine Unified	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430
Rancho Santiago Community College	0.05088	0.03927	0.05039	0.05078	0.03334	0.03241	0.03146	0.03141	0.02735	0.02253
Saddleback Valley Unified	0.02365	0.02688	0.03008	0.02806	0.03207	0.03265	0.03163	0.03194	0.03043	0.02834
Santa Ana Unified	0.06327	0.06377	0.06604	0.06869	0.07359	0.07749	0.07147	0.07167	0.07388	0.03212
Tustin Unified General Fund	0.06873	0.07001	0.07751	0.06955	0.08912	0.06729	0.05586	0.05962	0.03797	0.03102
Total Direct and Overlapping Rates ⁽²⁾	<u>1.23803</u>	<u>1.23143</u>	<u>1.39854</u>	<u>1.39160</u>	<u>1.64501</u>	<u>1.62673</u>	<u>1.60756</u>	<u>1.71862</u>	<u>1.69421</u>	<u>1.42245</u>
City's Share of 1% Levy Per Prop 13 ⁽³⁾	0.03180	0.03180	0.03180	0.03180	0.03180	0.03180	0.01226	0.03180	0.03180	0.03180
Voter Approved City Debt Rate										
Redevelopment Rate ⁽⁴⁾	-	-	-	-	-	-	1.00370	1.00370	1.00430	1.00430
Total Direct Rates ⁽⁵⁾	0.03115	0.03157	0.03190	0.03229	0.03267	0.04014	0.04138	0.04144	0.04102	0.04667

- (1) In 1978, California voters passed Proposition 13 which sets the property tax rate at 1.00% fixed amount. This 1.00% is shared by all taxing agencies in which the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various voter-approved school and water district bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (3) City's Share of 1.00% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.
- (4) Redevelopment Rate is based on the largest RDA tax area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values, the approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012-13 and years thereafter.
- (5) Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in fiscal year 2013-14, the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during fiscal year 2012-13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: HdL, Coren & Cone

**City of Irvine
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Irvine Company	\$ 3,638,914,778	1	5.10%	\$ 5,821,467,360	1	13.41%
Irvine Apartment Communities	490,974,183	2	0.69%	685,510,229	3	1.58%
Allergan USA Inc	473,025,829	3	0.66%	226,830,858	8	0.52%
Jamboree Center LLC ⁽¹⁾	402,676,027	4	0.56%	-	-	-
Park Place Michelson LLC ⁽¹⁾	380,767,695	5	0.53%	-	-	-
B Braun Medical Inc	359,759,461	6	0.50%	245,502,575	7	0.57%
Heritage Fields El Toro	343,675,342	7	0.48%	597,913,835	4	1.38%
Calatlantic Group Inc ⁽¹⁾	318,302,991	8	0.45%	-	-	-
LBA IV-PPI LLC	313,541,491	9	0.44%	-	-	-
Hancock S-Reit Irvine Corporation	281,519,999	10	0.39%	-	-	-
Maguire Properties	-	-	-	1,009,079,060	2	2.32%
Central Park West	-	-	-	335,051,430	5	0.77%
Capital Research Company	-	-	-	251,950,402	6	0.58%
Lakeshore Properties LLC	-	-	-	178,315,468	9	0.41%
Century Centre LLC	-	-	-	146,428,093	10	0.34%
Totals	<u>\$ 7,003,157,796</u>		<u>9.81%</u>	<u>\$ 9,498,049,310</u>		<u>21.87%</u>

Source: HdL, Coren & Cone

**City of Irvine
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy for Fiscal Year ^{(1) (3)}	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Percentage of			Percentage of
		Amount ⁽²⁾	Levy		Amount	Levy
2018	\$ 85,775,306	\$ 84,940,559	99.03%	\$ 458,377	\$ 85,398,936	99.56%
2017	82,074,158	81,122,025	98.84%	526,453	81,648,478	99.48%
2016	80,233,275	79,071,170	98.55%	625,501	79,696,671	99.33%
2015	86,003,581	85,186,715	99.05%	159,584	85,346,299	99.24%
2014	76,486,915	76,278,909	99.73%	729,226	77,008,135	100.68%
2013	70,528,865	69,549,205	98.61%	739,919	70,289,124	99.66%
2012	79,604,976	77,405,056	97.24%	1,066,687	78,471,743	98.58%
2011	77,520,820	75,332,973	97.18%	1,137,627	76,470,600	98.65%
2010	77,549,644	63,080,086	81.34%	1,670,155	64,750,241	83.50%
2009	79,872,700	76,262,107	95.48%	769,454	77,031,561	96.44%

(1) Includes General City property tax revenue inclusive of secured, unsecured, and supplemental rolls as well as 1915 Act Assessment District and Proposition 218, "The right to Vote on Tax Initiative," special assessments,. Amount excludes property tax-in lieu VLF, sales and use tax compensation, ERAF, Trip flip or VLF swap. The amounts presented include City property taxes and redevelopment Agency tax increment beginning in fiscal year 2006-07.

(2) Net collections reflect deductions for refunds, delinquencies and impoundments.

(3) Redevelopment Agency was dissolved on February 1, 2012, amounts exclude tax payments received for the enforceable obligations of the Successor Agency of the Dissolved Irvine Redevelopment Agency.

Source: Orange County Auditor-Controller

City of Irvine
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year	Lease Revenue Bonds	Capital Leases	Total Governmental Activities	Percentage of Personal Income ⁽¹⁾	% of Actual Assessed Value of Property ⁽¹⁾	Per Capita
2018	\$ -	\$ -	\$ -	0.00%	0.000%	0
2017	-	-	-	0.00%	0.000%	0
2016	-	-	-	0.00%	0.000%	0
2015	-	78	78	0.00%	0.000%	0
2014	-	177	177	0.00%	0.000%	1
2013	-	470	470	0.00%	0.001%	2
2012	-	386	386	0.01%	0.001%	2
2011	-	689	689	0.01%	0.001%	3
2010	8,260	381	8,641	0.11%	0.018%	40
2009	15,785	673	16,458	0.19%	0.035%	77

(1) Assessed value used because actual value of taxable property not readily available in the State of California.

Sources: City Fiscal Services Divisions, Employment Development Department, State Department of Finance,
U.S. Bureau of Census.

City of Irvine
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year	Population ⁽¹⁾	Total General Obligation Bonds	Less Debt Service Fund	Net Bonded Debt	Percent of Debt to Assessed Value	Debt per Capita
2018	276	-	-	-	0.00%	-
2017	267	-	-	-	0.00%	-
2016	258	-	-	-	0.00%	-
2015	250	-	-	-	0.00%	-
2014	243	-	-	-	0.00%	-
2013	231	-	-	-	0.00%	-
2012	224	-	-	-	0.00%	-
2011	219	-	-	-	0.00%	-
2010	218	-	-	-	0.00%	-
2009	213	-	-	-	0.00%	-

(1) California Department of Finance at January 1, est.

Source: City Fiscal Services Division

City of Irvine
Schedule of Direct and Overlapping Bonded Debt
June 30, 2018

2017-18 Assessed valuation: \$ 71,898,708,288

	Total Debt 6/30/18	%Applicable ⁽¹⁾	City's Share of Debt 6/30/18
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 60,600,000	2.624 %	\$ 1,590,144
Rancho Santiago Community College District	246,734,249	11.67	28,793,887
Rancho Santiago Community College District			
School Facilities Improvement District No. 1	121,395,000	22.253	27,014,029
Irvine Unified School Facilities Improvement District No. 1	95,000,000	97.02	92,169,000
Irvine Unified School District Community Facilities Districts	638,785,000	99.779-100	638,693,285
Saddleback Valley Unified School District	113,365,000	3.743	4,243,252
Santa Ana Unified School District	247,026,073	27.502	67,937,111
Santa Ana Unified School District Community Facilities District No. 2004-1	7,340,000	100	7,340,000
Tustin Unified School District School Facilities Improvement District No. 2002-1	45,094,043	9.039	4,076,051
Tustin Unified School District School Facilities Improvement District No. 2008-1	86,860,000	9.327	8,101,432
Tustin Unified School District School Facilities Improvement District No. 2012-1	45,410,000	22.999	10,443,846
Tustin Unified School District Community Facilities District No. 97-1	87,015,000	100	87,015,000
Tustin Unified School District Community Facilities District No. 2007-1	15,745,000	100	15,745,000
Tustin Unified School District Community Facilities District No. 2014-1	85,055,000	100	85,055,000
Irvine Ranch Water District Improvement Districts	543,457,860	13.460-100.	360,649,214
City of Irvine Community Facilities District No. 2004-1	17,960,000	100	17,960,000
City of Irvine Community Facilities District No. 2005-2	14,635,000	100	14,635,000
City of Irvine Community Facilities District No. 2013-3, I.A. 1	72,610,000	100	72,610,000
City of Irvine Community Facilities District No. 2013-3, I.A. 4	135,055,000	100	135,055,000
City of Irvine 1915 Act Bonds	808,032,000	100	808,032,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			2,487,158,251

<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 210,347,000	12.894 %	\$ 27,122,142
Orange County Pension Obligations	383,564,389	12.894	49,456,792
Orange County Board of Education Certificates of Participation	13,990,000	12.894	1,803,871
Orange Unified School District Certificates of Participation and Benefit Obligation	100,723,225	0.0001	101
Santa Ana Unified School District Certificates of Participation	69,817,854	27.502	19,201,306
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 97,584,212

TOTAL DIRECT DEBT	\$ -
OVERLAPPING DEBT	\$ 2,584,742,463

COMBINED TOTAL DEBT \$ 2,584,742,463 ⁽²⁾

⁽¹⁾The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

⁽²⁾Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 3.46%

Ratios to Adjusted Assessed Valuation:

Total Direct Debt 0.00%

Net Combined Total Debt..... 3.59%

**City of Irvine
Legal Debt Margin
Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assessed valuation	\$ 71,898,708,288	\$ 65,754,243,380	\$ 60,912,693,965	\$ 55,693,885,275
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 17,974,677,072	\$ 16,438,560,845	\$ 15,228,173,491	\$ 13,923,471,319
Debit limit percentage	15%	15%	15%	15%
Debt limit	2,696,201,561	2,465,784,127	2,284,226,024	2,088,520,698
Total Net Debt Applicable to Limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 2,696,201,561</u>	<u>\$ 2,465,784,127</u>	<u>\$ 2,284,226,024</u>	<u>\$ 2,088,520,698</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Sources: California Municipal Statistics, Inc., HdL Coren & Cone, MuniServices, LLC

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 51,002,248,297	\$ 48,646,093,255	\$ 47,136,231,043	\$ 46,538,576,173	\$ 47,212,001,153	\$ 47,257,608,206
25%	25%	25%	25%	25%	25%
\$ 12,750,562,074	\$ 12,161,523,314	\$ 11,784,057,761	\$ 11,634,644,043	\$ 11,803,000,288	\$ 11,814,402,052
15%	15%	15%	15%	15%	15%
1,912,584,311	1,824,228,497	1,767,608,664	1,745,196,606	1,770,450,043	1,772,160,308
-	-	-	-	-	-
<u>\$ 1,912,584,311</u>	<u>\$ 1,824,228,497</u>	<u>\$ 1,767,608,664</u>	<u>\$ 1,745,196,606</u>	<u>\$ 1,770,450,043</u>	<u>\$ 1,772,160,308</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

City of Irvine
Demographic and Economic Statistic
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income (in thousands)	Per Capita Personal Income ⁽³⁾	Income per Median Household ⁽³⁾	Median Age ⁽³⁾	School Enrollment ^{(4) (6)}	Unemployment Rate ⁽⁵⁾
2018	276,176	\$ 12,272,130 ⁽³⁾	\$ 45,140	\$ 93,823	34.5	34,617 ⁽⁶⁾	3.3%
2017	267,086	12,840,224 ⁽³⁾	43,836	92,278	34.4	33,480 ⁽⁶⁾	2.9%
2016	258,386	10,946,242 ⁽³⁾	43,456	91,999	34.0	31,621 ⁽⁴⁾	3.3%
2015	250,384	10,593,508 ⁽³⁾	43,096	90,585	34.2	30,638 ⁽⁴⁾	3.2%
2014	242,651	9,595,168 ⁽³⁾	43,271	92,663	33.6	30,170 ⁽⁴⁾	3.9%
2013	231,117	8,174,011 ⁽³⁾	43,102	92,599	34.0	29,000 ⁽⁴⁾	4.6%
2012	223,729	8,886,628 ⁽³⁾	41,898	90,939	33.1	27,411 ⁽⁴⁾	6.0%
2011	219,156	8,481,794 ⁽³⁾	41,759	93,258	33.2	27,202 ⁽⁴⁾	6.9%
2010	217,686	8,090,372 ⁽²⁾	57,165	94,903	33.3	26,812 ⁽⁴⁾	7.4%
2009	212,541	8,723,320 ⁽²⁾	41,043	91,101	33.3	26,323 ⁽⁴⁾	7.0%

(1) California Department of Finance at January 1.

(2) Used prior fiscal year per capita income and estimated population number from City Budget to calculate fiscal year total personal income.

(3) U.S. Census Bureau, American Community Survey

(4) Irvine Unified School District

(5) Employment Development Department

(6) Ed-Data, partnership of the California Department of Education, EdSource and the Fiscal Crisis & Management Assistance Team/California School Information Services.

**City of Irvine
Principal Employers
Current Year and Nine Years Ago**

Employer	2018			2009		
	Number of Employees	Rank	Percentage of Employment	Number of Employees	Rank	Percentage of Employment
University of California Irvine	23,884	1	9.05%	18,284	1	8.11%
Irvine Unified School District	5,029	2	1.90%	2,571	2	1.14%
Mastec	4,000	3	1.52%	-		0.00%
Edwards Lifesciences LLC	2,987	4	1.13%	1,934	4	0.86%
Broadcom	2,604	5	0.99%	2,439	3	1.08%
Blizzard Entertainment Inc.	2,327	6	0.88%	-		-
Glidewell Laboratories	1,538	7	0.58%	-		-
B Braun Medical	1,370	8	0.52%	1,650	7	0.73%
Western Digital	1,300	9	0.49%	1,500	9	0.67%
Parker Hannifin Corporation	1,200	10	0.45%	-		-
Allergan	-		-	1,922	5	0.85%
New Century Mortgage Corporation	-		-	1,741	6	0.77%
St John Knits	-		-	1,619	8	0.72%
Capital Group Companies	-		-	1,077	10	0.48%

Source: City Public Safety Department

City of Irvine
Budgeted Full-Time, Part-Time, and Non-Hourly Positions by Function
Last Ten Fiscal Years

FUNCTION	Fiscal Years as of June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Full-time	103.00	94.00	92.00	87.00	88.00	82.00	80.00	80.00	89.00	91.00
Part-time	12.01	14.61	14.61	15.92	12.53	9.28	8.60	9.06	10.40	25.65
Non-hourly	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Public Safety										
Full-time	322.00	319.00	308.00	304.00	298.00	290.00	290.00	291.00	295.00	295.00
Part-time	38.30	32.87	33.35	31.44	30.95	30.95	31.05	31.33	33.80	29.31
Non-hourly	49.00	46.00	44.00	42.00	39.40	32.40	32.40	30.40	30.40	30.40
Public Works										
Full-time	139.25	155.00	150.00	140.00	142.00	122.00	121.00	123.00	134.00	152.00
Part-time	5.24	5.24	6.50	6.00	4.30	1.75	1.75	3.50	4.00	5.88
Community Development										
Full-time	114.00	113.00	109.00	108.00	102.00	99.00	101.00	101.00	104.00	109.00
Part-time	3.30	2.80	2.80	1.80	1.80	1.80	2.60	2.60	2.60	7.14
Non-hourly	6.00	6.00	6.00	6.00	6.00	6.00	11.00	11.00	11.00	11.00
Community Services										
Full-time	127.00	125.00	118.00	109.00	108.00	113.00	114.00	114.50	118.00	113.00
Part-time	274.77	262.33	250.44	212.95	197.69	196.63	185.11	177.54	178.20	194.63
Non-hourly	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Transportation										
Full-time	15.75	-	-	-	-	-	-	-	-	-
Part-time	-	-	-	-	-	-	-	-	-	-
Non-hourly	5.00	-	-	-	-	-	-	-	-	-
Great Park										
Full-time	-	-	-	-	-	30.00	33.00	29.50	23.00	23.00
Part-time	-	-	-	-	-	7.13	4.88	4.68	4.70	2.20
Non-hourly	-	-	-	-	-	5.00	9.00	9.00	39.00	39.00
Total	1,236.62	1,197.85	1,156.70	1,086.11	1,052.67	1,048.94	1,047.39	1,040.11	1,099.10	1,150.21

Note:

Part-time employees are expressed as full-time equivalents.

Transportation department was established in fiscal year 2017-18.

Great Park department established in fiscal year 2006-07. During fiscal year 2013-14, the Great Park department was reorganized and all activities were absorbed into the other City departments.

Source: Various City departments

**City of Irvine
Capital Asset Statistics
Last Ten Fiscal Years**

FUNCTION	Fiscal Years as of June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police Safety										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	61	55	51	49	52	46	46	44	44	44
Fire stations ⁽¹⁾	12	12	12	11	11	11	11	11	11	9
Public Works										
Streets (miles)	2,002	1,985	1,973	1,931	1,922	1,879	1,851	1,827	1,735	1,733
Traffic signals	356	344	344	341	338	337	330	330	327	317
Streetscape (acres)	918	918	911	889	872	834	808	781	773	749
Open space/greenbelts (acres)	6,638	6,638	6,638	5,600	5,590	5,250	5,250	5,250	5,250	4,100
Bicycle trails (miles)	154	154	154	152	152	151	151	151	147	147
Off-street bicycle trails (miles)	65	62	62	59	57	54	54	45	44	43
Culture and Recreation										
Community athletic parks	20	20	19	19	19	19	18	18	18	13
Multi use centers	16	15	15	14	14	14	13	12	12	11
Dog parks	1	1	1	1	1	1	1	1	1	1
Skate parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	63	41	41	41	40	40	38	38	36	36
Swimming pools	3	3	3	3	4	4	4	4	4	4
Batting cages	14	14	14	14	14	14	14	14	14	14
Basketball courts	35	31	31	31	30	29	29	29	29	29
Racquetball/handball courts	14	14	14	14	14	14	14	14	10	10
Tennis courts	91	64	64	64	64	64	64	61	59	59
Volleyball courts	22	17	17	17	16	16	16	16	15	15

(1) Join power authority with the Orange County Fire Authority

Source: Various City departments

City of Irvine
Operating Indicators by Function
Last Ten Fiscal Years

FUNCTION	2018	2017	2016	2015
General Government				
Checks/wire transfers	51,905	47,912	46,499	46,112
Number of purchase orders placed	2,324	2,151	2,146	1,681
Police				
Animal control service calls	8,635	8,741	9,975	9,741
Physical arrests	2,501	2,811	3,109	2,506
Parking citations	6,272	5,171	4,413	4,056
Traffic citations	18,848	20,151	19,641	21,266
Highways and Streets				
Arterial street resurfacing (centerline miles)	65	65	58	36
Arterial street sweeping (curb miles)	39,817	39,542	39,189	38,884
Community Development				
Building inspections completed	220,565	225,782	194,718	190,409
Building permits issued	15,924	15,165	14,187	13,577
Culture and Recreation				
Recreational & instructional classes offered	11,530	9,624	9,238	8,826
Recreational & instructional enrollees	136,857	108,711	101,252	95,618
Recreational & internet registrants for classes	58%	56%	56%	57%
Youth services participation units	NA	NA	NA	NA
Redevelopment ⁽¹⁾				
Number of discretionary applications processed	-	-	-	-
Number of demolition permits issued	-	-	-	-
Number of grading/building permits issued	-	-	-	-

(1) Redevelopment Agency was dissolved on February 1, 2012.

Source: Various City departments

2014	2013	2012	2011	2010	2009
44,607	45,105	44,672	44,422	47,252	47,918
1,936	1,953	2,316	2,211	2,172	2,065
10,580	10,664	10,309	8,639	8,510	8,669
2,774	2,824	2,802	2,579	2,819	2,846
4,824	6,934	4,702	4,793	6,639	6,830
23,541	23,221	26,395	19,426	29,707	26,325
40	47	44	17	41	30
38,449	38,401	38,300	38,204	38,204	37,940
160,718	151,835	127,964	87,563	63,363	98,538
12,635	12,029	10,201	10,582	8,030	8,132
8,890	8,151	8,203	7,671	7,546	6,845
99,811	90,027	81,271	71,853	70,998	65,153
50%	52%	54%	56%	56%	58%
NA	NA	NA	87,517	75,240	68,251
-	-	-	231	10	17
-	-	-	9	8	11
-	-	-	47	44	7

City of Irvine
Miscellaneous Statistical Information
June 30, 2018

<u>Date of Incorporation</u>	-	December 28, 1971
<u>Form of Government</u>	-	Charter, Council-Manager
<u>Incorporated Area</u>	-	66 square miles
<u>City Tree</u>	-	Camphor
<u>City Flower</u>	-	Lily of the Nile
<u>Registered Voters as of May 2018</u>	-	117,829
<u>Fire Protection</u>	-	Orange County Fire Authority (Joint Powers Authority)
<u>Water Supply</u>	-	Irvine Ranch Water District
<u>City Park and Landscape Areas</u>		<u>Acres</u>
Streetscape	-	918
Community Parks	-	354.1
Neighborhood Parks	-	178.6
Sports Field	-	167
<u>Educational Facilities and Services Excluded in the Reporting Entity</u>		
Education:		<u>Number</u>
Elementary Schools	-	26
Middle Schools	-	6
High Schools	-	5
Continuation/Independent Study High School	-	2

Sources: City Clerk Division, City Community Services Department, City Public Work Department,
Irvine Unified School District

About the Cover

Rich in both Irvine Ranch lore and nature's wonders, Bommer Canyon beckons walkers, hikers, and all other outdoor enthusiasts to stroll past ancient oak and sycamore groves and rough rock outcrops. Much like the City's Quail Hill Loop Trail, specific trails in this area are open daily for self-guided hikes from dawn to dusk; however, other areas within Bommer can only be accessed through guided programs and do require pre-registration. Monthly Wilderness Access Days are available to allow hikers and bikers the chance to explore the network of outstanding trails and views of the area. Visit letsgooutside.org for a list of upcoming events in Bommer Canyon.

The cover image for this year's report was submitted by Doug Stremel.

The authors wish to thank the Irvine Public Information Office for design of the cover. The cover and report were printed by the Irvine Duplicating Center, with thanks to Jon Williams and Duplicating staff.

General Fund
Combining Schedule of Changes in Fund Balance
For the Fiscal Year Ended June 30, 2018
Amounts Expressed in Thousands

FUND	BEGINNING FUND BALANCE	REVENUES	EXPENDITURES	OTHER FINANCING SOURCES/(USES)	ENDING FUND BALANCE
General Fund	\$ 3,990	\$ 187,500	* \$ 173,140	\$ (8,481) *	\$ 9,869
Asset Management Plan	44,116	1,145	7,000	5,290	43,551
Compensated Absences	5,551	2,478	1,513	-	6,516
Development Services	708	3,323	3,109	(462)	460
Contingency Reserve	41,034	110	-	1,069	42,213
Educational Partnership	1,999	(3)	3,835	4,000	2,161
Revenue Clearing	-	655	655	-	-
Infrastructure & Rehabilitation	22,523	92	161	(5,590)	16,864
Innovation	1,005	9	-	(850)	164
Building & Safety	4,301	13,198	13,881	(1,827)	1,791
Development Engineering	1,745	1,136	1,103	(226)	1,552
	<u>\$ 126,972</u>	<u>\$ 209,643</u>	<u>** \$ 204,397</u>	<u>\$ (7,077)</u>	<u>\$ 125,141</u>
Eliminating Entries for CAFR					
PERS Rate Savings		(891)	(891)		
Separation Liability		(2,232)	(2,232)		
CAFR Totals	<u>\$ 126,972</u>	<u>\$ 206,520</u>	<u>\$ 201,274</u>	<u>\$ (7,077)</u>	<u>\$ 125,141</u>

* Totals include a \$28 Sale of Property reported as Other Finance Sources versus Revenue per the Statements

** Totals include the interfund eliminations recorded in the CAFR financials.

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

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of the City of Irvine (the City) as of and for the year ended June 30, 2018. Our report includes a reference to other auditors who audited the financial statements of the Irvine Community Land Trust, the discretely presented component unit of the City, as described in our report on the City's financial statements. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated August 14, 2018, and in our letter on planning matters dated August 16, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements. As discussed in Notes I G and III H to the financial statements, the City adopted Governmental Accounting Standards Board's (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The adoption of this standard required retrospective application resulting in a \$4,597,000 decrease of previously reported net position of the governmental activities. Also, as discussed in Notes III H to the financial statements, the Irvine Community Land Trust component unit amended its bylaws such that a change in reporting presentation from blended to discretely presented was required. The cumulative effect of this change resulted in a \$52,978,000 decrease of previously reported net position of the governmental activities, a \$52,964,000 increase of previously reported net position of the discretely presented component unit, and a \$40,694,000 decrease of previously reported fund balance of the other governmental funds. No other accounting policies were adopted, and the application of other existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

The most sensitive estimates affecting the City's financial statements are as follows:

- a. Management's estimate of the fair value of investments, the price that would be received to sell an asset in an orderly transaction between market participants, is based on market values provided by outside sources.
- b. The estimated useful lives of capital assets for depreciation purposes are based on industry standards.
- c. The annual required contributions, pension expense, net pension liability, and corresponding deferred outflows of resources and deferred inflows of resources for the City's agent multiple employer defined benefit pension plans are based on actuarial valuations provided by California Public Employee Retirement System actuaries and for the City's single employer defined benefit pension plan are based on an actuarial valuation provided by a third-party actuary.
- d. The other postemployment benefits ("OPEB") expense and OPEB liability for the City's OPEB plan are based on an actuarial valuation provided by a third-party actuary.
- e. The claims liability for workers' compensation and general liabilities are based on certain actuarial assumptions and methods prepared by an outside consultant.
- f. The allowance for doubtful accounts related to certain long-term notes receivable is based on management's assessment of the related agreements and the determination of whether annual compliance requirements will be met and whether the collection of note repayments scheduled to be made 30 or more years out will occur.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were reported in Note IV A regarding risk management, Note IV C regarding the City's OPEB plan, Note IV D regarding the defined benefit pension plans, and Note III H regarding restatements made to the financial statements.

Qualitative Aspects of Accounting Practices (Continued)

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Significant Audit Findings (Continued)

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. As a result of our audit-related test work, we proposed no corrections to the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 29, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedules of changes in the net pension liability and related ratios, the schedules of pension plan contributions, and the schedule of changes in the OPEB liability and related ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Matters (Continued)

We were engaged to report on the combining statements and individual fund schedules (supplementary information), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and the statistical section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on them.

Regulatory Updates

Procurement Rules under the Uniform Guidance

The Uniform Guidance has different procurement rules than those previously required by the Circular A-133. Due to the work required by nonfederal entities to implement these new rules, a two-year grace period was given. In May 2017, an additional one-year grace period was given. Beginning July 1, 2018, nonfederal entities will be required to comply with all of the Uniform Guidance procurement rules. Included in these new rules is the requirement for written policies and procedures.

Commencing with the fiscal year 2018-2019 audits, auditors will request the written policies of the nonfederal entity for all single audits and review the procurement policies and procedures for compliance with the Uniform Guidance procurement rules.

Debt Management Policy

Government Code Section 8855(i) requires any issuer of public debt to provide to the California Debt and Investment Advisory Commission (CDIAC), a Report of Proposed Debt Issuance no later than 30 days prior to the sale of the debt securities. Effective January 1, 2017, SB 1029 requires issuers of public debt to certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed debt issuance is consistent with those policies.

The purpose of a debt management policy is to establish guidelines governing the issuance of debt or other financial obligations. It provides a framework for debt issuance, capital planning, and post-issuance debt administration. A debt management policy establishes conditions for use of debt, to ensure that debt capacity and affordability are adequately considered, to minimize interest and issuance costs, to maintain the highest possible credit rating, to provide complete financial disclosure and reporting, and to maintain financial flexibility.

California state and local governments should review the amended provisions of Government Code Section 8855 either to ensure that their existing debt management policy have been updated for the new requirements resulting from the adoption of SB 1029, or to develop and adopt the required debt management policy.

Restriction of Use

This information is intended solely for the use of the City Council and management of the City of Irvine and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Dick Evans LP

Irvine, California
October 29, 2018

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 the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Irvine (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 29, 2018. Our report includes a reference to other auditors who audited the financial statements of the Irvine Community Land Trust, the discretely presented component unit of the City, as described in our report on the City's financial statements. We conducted our audit in accordance with the 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. The financial statements of the Irvine Community Land Trust, the discretely presented component unit of the City, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Irvine Community Land Trust.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. 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.

Internal Control over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, 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 matter that are required to be reported under *Government Auditing Standards*.

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. 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. Accordingly, this communication is not suitable for any other purpose.

White Nelson Diehl Evans LLP

Irvine, California
October 29, 2018



1.9



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 5, 2018

TITLE: FISCAL YEAR 2018-19 FIRST QUARTER BUDGET UPDATE

Director of Administrative Services

City Manager

RECOMMENDED ACTION

Receive and file the Fiscal Year 2018-19 First Quarter Budget Update.

EXECUTIVE SUMMARY

Year-end Outlook

At the end of the first quarter, it is anticipated that there will be minimal deviation from projected year-end estimates. The Fiscal Year 2018-19 first quarter analysis projects a year-end savings of approximately \$891,627 due mostly to vacancy savings in Public Safety and Community Services. First quarter revenue projections are approximately \$256,000 lower than anticipated due to the continued effect of renovations and shifting Community Service programs to the the Great Park.

First Quarter Update

General Fund revenues and transfers-in of \$17,627,316 were above budget estimates by \$364,773, or 2.1 percent in the first quarter. In addition, General Fund expenditures and transfers-out of \$44,328,812 were \$774,340, or 1.7 percent, under budget estimates as described in the report (Attachment 1). Due to seasonal variances, revenues and expenditures are not always closely aligned each month and will fluctuate throughout the year.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

On November 5, 2018, with all members present, the Finance Commission voted 5-0 to recommend City Council receive and file the Fiscal Year 2018-19 First Quarter Budget Update.

ANALYSIS

This quarterly update is prepared to provide an analysis and explanation of variances between budget and projected year-end performance, in order to anticipate potential problems and identify corrective actions.

The attached report uses a variety of methods to develop year-to-date budget estimates. Salaries and benefits, including overtime, are estimated by the number of payroll postings each quarter. Adjustments are made to account for the expected year-end payroll accrual process, the timing of quarterly contributions to the Compensated Absences Fund, and other expected irregular impacts associated with the annual payroll calendar.

Internal services are expensed quarterly, so the budget is allocated to the month the expense is expected to be posted. All other object codes are reviewed individually and estimated based on expenditure/revenue patterns of the last fiscal year, average of the patterns for the past four years, straight-lined (four equal quarters) or estimated manually where specific circumstances indicate unique or uneven quarterly activity.

Future updates will continue to be on a quarterly basis and will include General Fund and Special Fund year-end estimates.

ALTERNATIVES CONSIDERED

None.

FINANCIAL IMPACT

None.

REPORT PREPARED BY Roger Galli, Senior Management Analyst

ATTACHMENTS

1. Fiscal Year 2018-19 Q1 Budget Update
2. September Revenue Recap Report

Q1 BUDGET UPDATE

CITY OF IRVINE - SEPTEMBER 2018



OVERVIEW - GENERAL FUND

The City's year-to-date (YTD) financial report, as of September 30, 2018, is presented for your review. This report provides a comparison of General Fund operating revenues and expenditures to budget estimates and includes a brief review of Special Funds. Where appropriate, comparisons to prior year actuals are included.

At the end of September, with 25 percent of the fiscal year completed, it is anticipated that there will be a year-end positive variance of \$891,627 when compared to the Adjusted Budget. Due to seasonal variances, revenues and expenditures are not always closely aligned each month and will fluctuate throughout the year.

FISCAL YEAR 2018-19								
GENERAL FUND	Sept YTD Prior Year	Sept YTD Budget	Sept YTD Actuals	Sept YTD Variance		Adjusted Budget	Year-End Estimate	Fav/(Unfav) Variance
				Fav/(Unfav)	Percent			
REVENUES	16,775,937	16,375,739	16,862,063	486,324	3.0%	194,379,400	194,123,158	(256,242)
TRANSFERS-IN	724,316	886,804	765,253	(121,551)	-13.7%	5,232,597	5,232,597	-
TOTAL REVENUES	17,500,253	17,262,543	17,627,316	364,773	2.1%	199,611,997	199,355,755	(256,242)
EXPENDITURES	38,041,817	41,769,537	40,995,197	774,340	1.9%	186,367,910	185,220,041	1,147,869
TRANSFERS-OUT	3,070,560	3,333,615	3,333,615	-	0.0%	13,334,460	13,334,460	-
TOTAL EXPENDITURES	41,112,377	45,103,152	44,328,812	774,340	1.7%	199,702,370	198,554,501	1,147,869
VARIANCE								891,627

SUMMARY

First quarter budget estimates are based on expenditure/revenue patterns determined on a quarterly basis to provide deviations from past or known experiences. These deviations can change from quarter-to-quarter due to changes in timing of revenue receipts and expenditures.

REVENUES - Overall year-end revenues are anticipated to be on target with minimal deviation from budget.

Sales Tax was over budget estimates in the first quarter by \$187,659, or 3.8 percent, due to timing differences created by the changeover in reporting systems at the California Department of Tax and Fee Administration (CDTFA). Staff is monitoring closely with our revenue consultant (HDL) changes at the CDTFA. **Property Tax** was under budget estimates in the first quarter by \$163,713, or 17.6 percent, due to refunds for assessment appeals issued from the County Assessor. Estimates at year-end are anticipated to be on budget.

Program and Service Fees are under budget estimates in the first quarter by \$190,036, or 5.0 percent, due to facility renovation closures and the shifting of program attendance to the Great Park. Year-end estimates are anticipated to be under budget by \$300,000 due to the continued effect of renovation closures and the shifting of program attendance to the Great Park.

EXPENDITURES - Overall year-end expenditures are anticipated to be under budget by \$1.1 million mostly due to Salary and Benefit savings.

Salaries and Benefits were under budget estimates in the first quarter by \$494,311, or 1.7 percent, due to vacancies in Public Safety, and is anticipated to be under budget by \$876,000 at year-end due to timing of hiring in Public Safety and Community Services.

INFORMATION TECHNOLOGY FUND - Overall year-end expenditures are anticipated to be under budget by \$1.0 million due to rescheduling of the permitting and planning software (EDEN).

The summary above is a general overview, for more detailed analysis see pages 2 - 6.

ATTACHMENT 1

Q1 BUDGET UPDATE

CITY OF IRVINE - SEPTEMBER 2018



REVENUES - GENERAL FUND

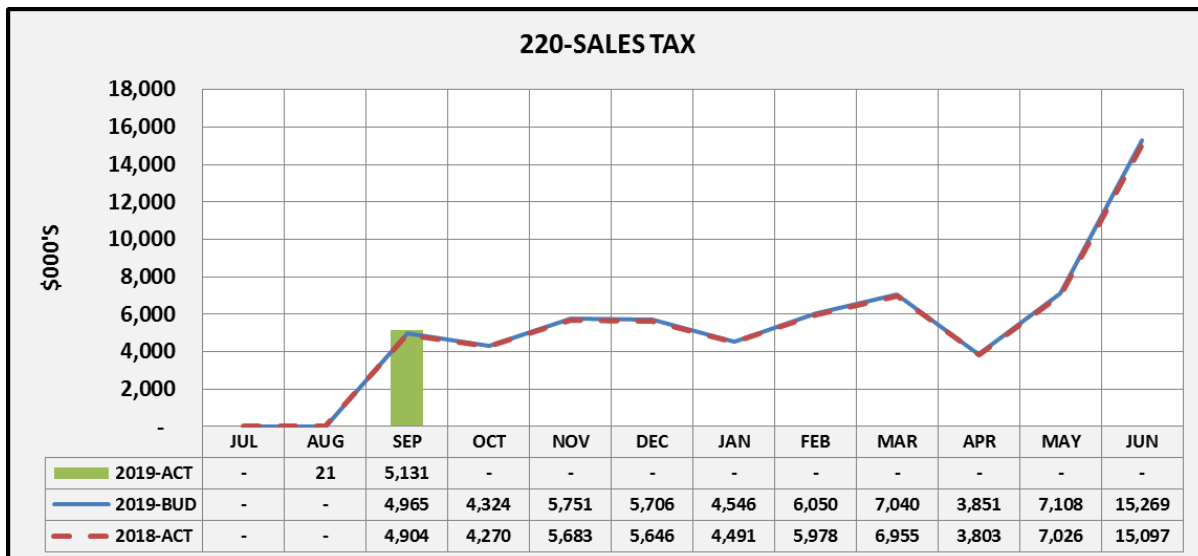
REVENUE BY MAJOR CATEGORY

The City's top five revenue categories account for approximately 89 percent of the City's total annual budgeted revenues (excluding transfers-in). The top five revenue categories are discussed in greater detail on pages 2 - 4.

FISCAL YEAR 2018-19							
GENERAL FUND	Sept YTD Prior Year	Sept YTD Budget	Sept YTD Actuals	Variance		Adjusted Budget	Year-End Estimate
				Fav/(Unfav)	Percent		
SALES TAX	4,904,323	4,964,866	5,152,525	187,659	3.8%	64,609,782	64,609,782
PROPERTY TAX	892,937	932,487	768,774	(163,713)	-17.6%	69,902,446	69,902,446
HOTEL TAX	2,730,516	3,186,252	3,316,064	129,812	4.1%	16,293,000	16,293,000
PROGRAM AND SERVICE FEES	3,860,758	3,789,994	3,599,958	(190,036)	-5.0%	12,449,722	12,148,143
FRANCHISE TAX	42,581	-	-	-	0.0%	8,890,100	8,890,100
OTHER REVENUES	4,344,822	3,502,140	4,024,742	522,602	14.9%	22,234,350	22,279,687
TOTAL OPERATING REVENUE	16,775,937	16,375,739	16,862,063	486,324	3.0%	194,379,400	194,123,158
TRANSFERS IN	724,316	886,804	765,253	(121,551)	-13.7%	5,232,597	5,232,597
TOTAL REVENUES & SOURCES	17,500,253	17,262,543	17,627,316	364,773	2.1%	199,611,997	199,355,755

TOP FIVE REVENUE CATEGORIES

SALES TAX revenues of \$5,152,525 for the fiscal year-to-date were over budget estimates by \$187,659 or 3.8 percent, and were \$248,202 higher than the prior fiscal year. Sales tax is collected by the state and advanced to local governments on a monthly basis. The CDTFA changed to a new reporting software in April 2018 which resulted in timing differences between tax returns and allocations made to local agencies. Although these delays are temporary, they have impacted the timing of sales tax receipts. Sales tax comprises 35 percent of the annual General Fund operating revenue budget.

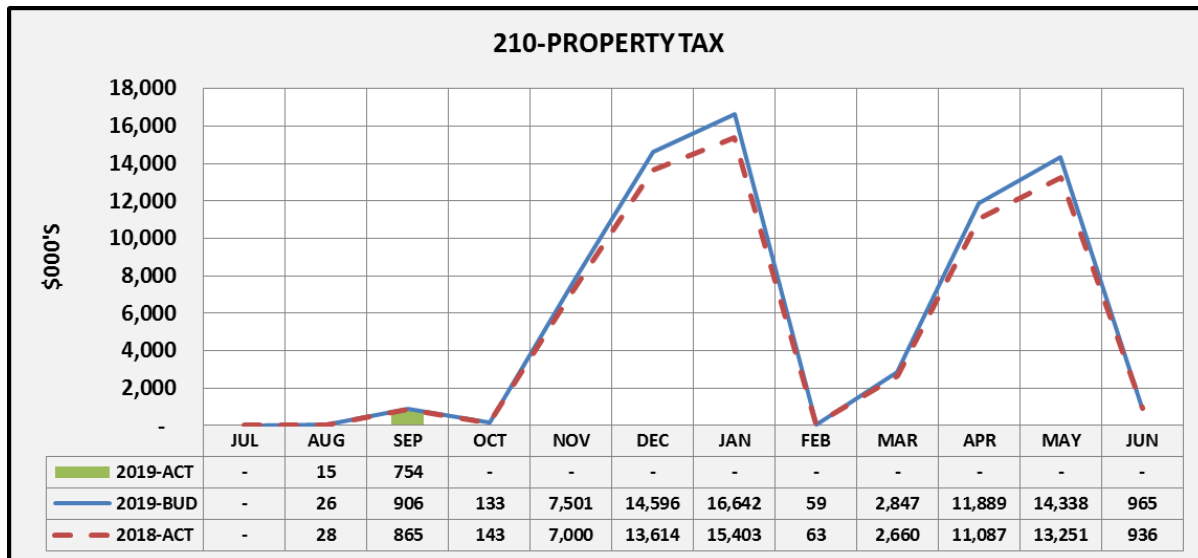


Q1 BUDGET UPDATE

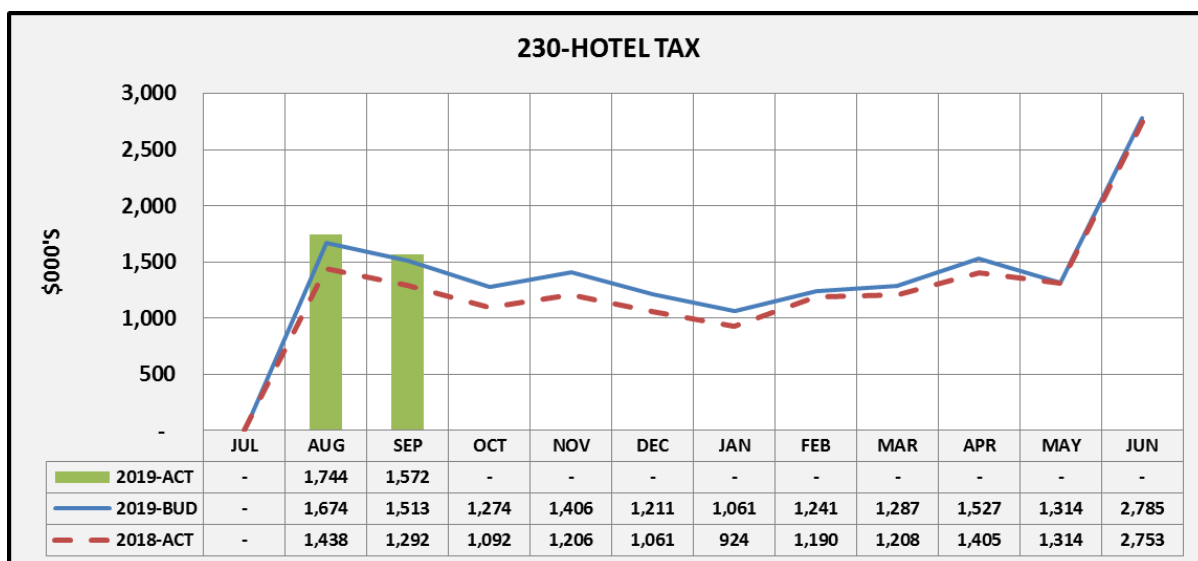
CITY OF IRVINE - SEPTEMBER 2018



PROPERTY TAX revenues of \$768,774 for the fiscal year-to-date were under budget estimates by \$-163,713, or -17.6 percent, and were \$-124,163, or -14.0 percent, lower than the prior fiscal year. These revenues are largely received in the months of December and April. The decrease in property tax payments is mostly due to refunds for assessment appeals issued from the County Assessor in the first quarter. Property tax provides 33 percent of annual budgeted General Fund operating revenues.



HOTEL TAX revenues of \$3,316,064 for the fiscal year-to-date exceeded budget estimates by \$129,812, or 4.1 percent and were \$585,548, or 21 percent greater than the prior fiscal year. The positive variance in the first quarter is due to better than anticipated performance from the three new hotels that opened in FY17-18. The Hyatt House and the Marriott Irvine Spectrum opened in December 2017 and the Hampton Inn opened in March 2018. Hotel tax provides 8 percent of annual budgeted General Fund operating revenues.

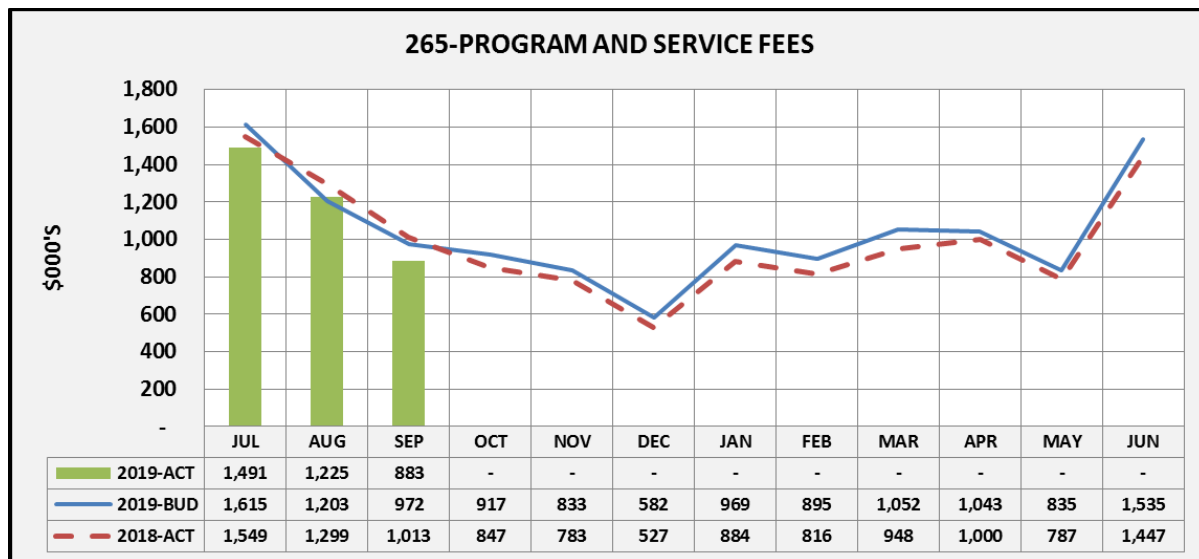


Q1 BUDGET UPDATE

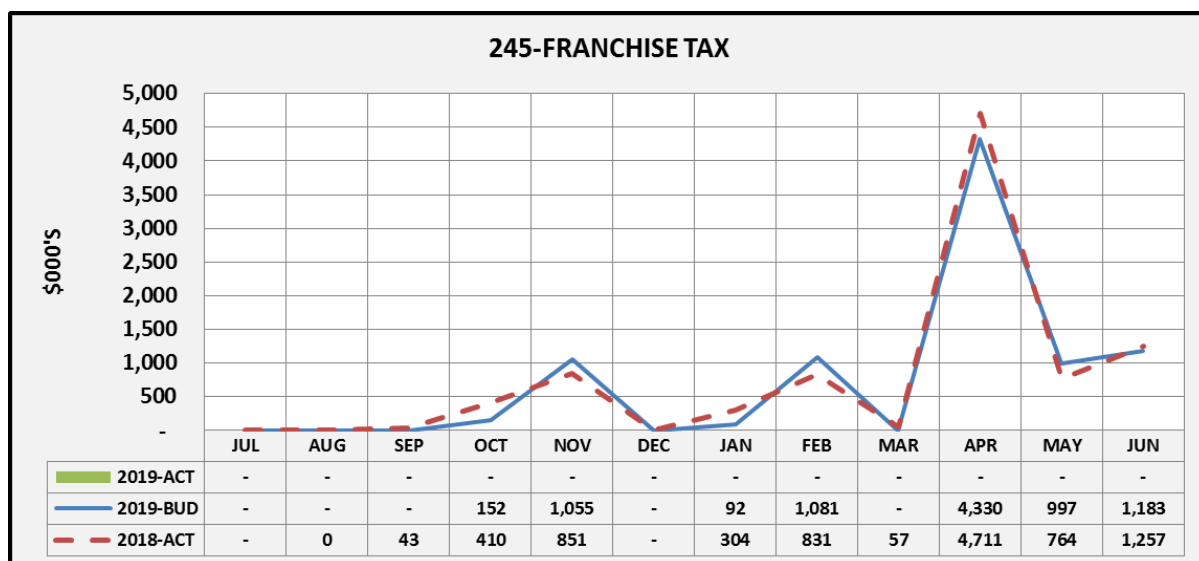
CITY OF IRVINE - SEPTEMBER 2018



PROGRAM AND SERVICE FEES revenues of \$3,599,958 for the fiscal year-to-date were under budget estimates by \$-190,036, or -5.0 percent. Compared to last fiscal year, revenues in this category were down \$-260,800, or -7.0 percent. The decrease in revenues is mostly due to facility renovation closers (Bommer Canyon and Sweet Shade Community Parks) and the shifting of program attendance to the Great Park. Program and Service Fees provide 6 percent of annual budgeted General Fund operating revenues, and almost entirely come from the Community Services Department. The top 3 revenue sources are contract classes (recreational classes, learning classes, workshops, and clinics provided by contract instructors), child services (camps, after school, and intersession programs) and tennis activities (individual/group lessons, tournaments, and leagues).



FRANCHISE TAX - Approximately 85 percent of each year's revenues have been historically received in the second half of the fiscal year, with the largest payment from Southern California Edison received in April. Franchise Tax provides 5 percent of annual budgeted General Fund operating revenues.



Q1 BUDGET UPDATE

CITY OF IRVINE - SEPTEMBER 2018



EXPENDITURES - GENERAL FUND

EXPENDITURES BY MAJOR CATEGORY

Total expenditures and uses at the end of September were \$44,328,812, which were \$774,340, or 1.7 percent, under budget estimates. Compared to the same period in the prior fiscal year, total expenditures and uses were up \$3,216,435.

Expenditures by Budget Category

FISCAL YEAR 2018-19							
EXPENDITURES BUDGET CATEGORY	Sept YTD Prior Yr	Sept YTD Budget	Sept YTD Actuals	Variance		Adjusted Budget	Year-End Estimate
				Fav/(Unfav)	Percent		
SALARIES AND BENEFITS	26,939,944	29,310,452	28,816,141	494,311	1.7%	126,409,773	125,533,082
OVERTIME	656,264	689,895	594,667	95,228	13.8%	3,046,336	3,044,095
SUPPLIES	866,149	1,093,998	1,141,874	(47,876)	-4.4%	5,047,947	4,916,982
INTERNAL SERVICES	4,693,834	4,790,232	4,790,232	-	0.0%	19,160,928	19,160,928
CONTRACT SERVICES	3,339,467	3,798,418	3,419,080	379,338	10.0%	23,734,126	23,630,592
TRAINING AND BUSINESS EXPENSE	244,295	230,155	272,832	(42,677)	-18.5%	1,307,660	1,299,050
UTILITIES	470,933	464,327	603,357	(139,030)	-29.9%	2,532,705	2,512,405
CAPITAL EQUIPMENT	0	22,500	16,106	6,394	28.4%	120,000	120,000
MISCELLANEOUS	840,705	1,367,812	1,357,608	10,204	0.7%	4,804,938	4,804,938
REPAIRS AND MAINTENANCE	48,466	60,499	21,629	38,870	64.2%	414,497	408,970
LESS COST ALLOCATED	(58,240)	(58,751)	(38,329)	(20,422)	34.8%	(211,000)	(211,000)
TOTAL OPERATING EXPENDITURES	38,041,817	41,769,537	40,995,197	774,340	1.9%	186,367,910	185,220,041
TRANSFERS OUT	3,070,560	3,333,615	3,333,615	0	0.0%	13,334,460	13,334,460
TOTAL EXPENDITURES & USES	41,112,377	45,103,152	44,328,812	774,340	1.7%	199,702,370	198,554,501

TOP THREE EXPENDITURE VARIANCES (DOLLARS)

SALARIES AND BENEFITS were under budget estimates in the first quarter by \$494,311, or 1.7 percent, due to vacancies in Public Safety and Community Services, and is anticipated to be under budget by \$876,000 at year-end due to timing of hiring in Public Safety and Community Services.

CONTRACT SERVICES were under the budget estimates in the first quarter by \$379,338, or 10.0 percent, mostly due to savings on annual maintenance contracts and emergency maintenance services. Due to the uncertainty of the need for emergency maintenance services, it is anticipated that contract services will be on-target at year-end.

UTILITIES were over budget estimates in the first quarter by \$-139,030, or -29.9 percent, due primarily to greater than expected water usage from drier and warmer weather conditions. Although the first quarter was over budget estimates, it is anticipated that seasonal variations in weather patterns will balance expenditures by year-end.

Q1 BUDGET UPDATE

CITY OF IRVINE - SEPTEMBER 2018



EXPENDITURES BY DEPARTMENT

The table below shows another perspective of monthly expenditures, broken down by department, showing each department's budget status as of September 30, 2018. The Administrative Services department is over budget due to separation payouts and less than anticipated vacancy rate savings due to full staffing levels. Similarly, Community Development was over budget estimates due to vacancy rate savings and timing on supply purchases.

Expenditures by Department

FISCAL YEAR 2018-19							
EXPENDITURES BY DEPARTMENT	Sept YTD Prior Yr	Sept YTD Budget	Sept YTD Actuals	Variance		Adjusted Budget	Year-End Estimate
				Fav/(Unfav)	Percent		
CITY MANAGER	1,959,732	2,138,442	2,137,519	923	0.0%	10,101,337	10,101,337
ADMINISTRATIVE SERVICES	1,588,420	1,979,056	2,025,674	(46,618)	-2.4%	8,967,996	8,967,996
COMMUNITY DEVELOPMENT	2,462,091	2,587,589	2,608,495	(20,906)	-0.8%	13,100,596	13,100,596
COMMUNITY SERVICES	9,177,455	9,274,855	9,119,807	155,048	1.7%	38,603,422	38,302,034
PUBLIC SAFETY	16,717,698	18,446,823	17,857,082	589,741	3.2%	79,805,206	79,151,802
PUBLIC WORKS	4,859,458	5,112,142	5,077,240	34,902	0.7%	26,685,205	26,546,345
TRANSPORTATION	507,595	863,771	825,235	38,536	4.5%	3,957,209	3,902,994
NON-DEPARTMENTAL	769,368	1,366,859	1,344,145	22,714	1.7%	5,146,939	5,146,938
TOTAL OPERATING EXPENDITURES	38,041,817	41,769,537	40,995,197	774,340	1.9%	186,367,910	185,220,041
TRANSFERS OUT	3,070,560	3,333,615	3,333,615	-	0.0%	13,334,460	13,334,460
TOTAL EXPENDITURES & USES	41,112,377	45,103,152	44,328,812	774,340	1.7%	199,702,370	198,554,501

STAFFING

The General Fund Staffing Expenditures table below shows prior year, adjusted budget and current year actual expenditures for each department. All salary related costs are projected on a pay period basis (i.e. total salary and benefits budget divided by 26, multiplied by the number of pay periods in each month), with adjustments made to account for the year-end payroll accrual, the timing of quarterly contributions to the Compensated Absences Fund and other expected irregular impacts associated with the annual payroll calendar. Salaries and Benefits in the City Manager's Office and Administrative Services were over budget estimates due to separation payouts. In addition, Administrative Services, Community Development, and Public Works were near full staff with actual vacancy rate savings less than anticipated. Salaries and Benefits in the Public Works department were also over budget estimates due to less than expected time charged to projects. This is expected to even out over the budget cycle. Overtime in the Public Works department was over budget estimates due to after-hour service calls. Overtime in the Community Development department was over budget estimates due to code enforcement staff time at the FivePoint Amphitheater.

General Fund Staffing Expenditures

	Sept YTD Prior Yr	Salaries & Benefits			Overtime			
		Sept YTD Budget	Sept YTD Actual	Variance	Sept YTD Prior Yr	Sept YTD Budget	Sept YTD Actual	Variance
City Manager	1,426,320	1,538,117	1,597,663	(59,546)	1,169	3,136	946	2,190
Administrative Services	1,143,731	1,347,489	1,395,137	(47,648)	8,100	2,740	593	2,147
Community Development	1,760,446	1,745,399	1,751,668	(6,269)	3,121	9,169	13,974	(4,805)
Community Services	5,860,093	6,022,505	5,902,211	120,294	6,219	19,813	16,247	3,566
Public Safety	13,664,725	15,178,083	14,616,774	561,309	617,916	635,861	536,374	99,487
Public Works	2,585,591	2,707,623	2,797,776	(90,153)	19,146	16,375	25,982	(9,607)
Transportation	499,038	771,236	754,912	16,324	593	2,801	551	2,250
TOTAL	26,939,944	29,310,452	28,816,141	494,311	656,264	689,895	594,667	95,228

Q1 BUDGET UPDATE

CITY OF IRVINE - SEPTEMBER 2018



VACANCIES AND RECRUITMENTS BY DEPARTMENT

The table below shows the number of authorized positions, vacant positions, and the vacancy rate by department as of September 30, 2018. The recruitment process is ongoing and the number of vacant positions fluctuates from month-to-month due to a variety of factors, including turnover and internal promotions. As noted in the table below, 23 positions have been filled through September. Of the 23 filled positions, 5 were internal promotions, which, in turn, created a new vacancy (or need for another recruitment).

Full-Time Vacancies by Department

Department	Authorized Positions	Vacant Positions	Vacancy Rate	Sept Q1 Separations	Sept YTD New Hires	Sept YTD Promotions	Sept YTD Total Filled
City Manager	44	3	7.14%	1	3	0	3
Administrative Services	60	4	8.20%	3	0	0	0
Community Development	111	4	4.39%	2	3	0	3
Community Services	127	4	2.36%	3	0	0	0
Public Safety	326	11	3.42%	4	6	5	11
Public Works	143	8	6.47%	2	4	0	4
Transportation	21	1	6.25%	1	2	0	2
TOTAL	832	35	4.21%	16	18	5	23

CITY MANAGER - 3

Assistant City Manager
Great Park Director
Great Park Property Administrator

ADMINISTRATIVE SERVICES - 4

Budget Officer **
Buyer
Information Technology Administrator
Project Development Administrator

COMMUNITY DEVELOPMENT - 4

Manager Building Safety/Chief Building Official
Senior Building Inspector (3) **

COMMUNITY SERVICES - 4

Community Services Specialist
Community Services Supervisor (2) **(1)
Community Service Program Coordinator

PUBLIC SAFETY - 11

Animal Services Officer (3)
Police Commander
Police Lieutenant **
Police Officer
Police Recruit (3)
Public Safety Assistant
Public Safety Dispatcher

PUBLIC WORKS - 8

Administrative Aide **
Equipment Operator I **
Facilities Maintenance Technician (2)
Lead Landscape Maintenance Technician
Senior Construction Inspector
Senior Project Manager **
Street Maintenance Technician

TRANSPORTATION - 1

Assistant Engineer

Vacancy rate represents a snapshot in time with variations attributed to employment transitions. Candidates in the academy or in the recruitment process are considered vacant positions

** Positions filled as of October 22, 2018.

Full-time Recruitments (35)	No.
Candidates Started or Selected	10
Recruitments in Progress	21
Pending Recruitments	4

Q1 BUDGET UPDATE

CITY OF IRVINE - SEPTEMBER 2018



INFORMATION TECHNOLOGY

The table below is a summary from the FY 2018-19 Strategic Technology Plan. The IT budget is 8.7 percent spent as of September 2018. Included are actual expenditures through September 30, 2018.

Description	Adopted Budget	Adjusted Budget	Sept YTD Actuals	Percent of Adj Budget	Year-End Estimate
IT Outsourced Services (DXC)	4,150,000	4,150,000	0	0.0%	4,150,000
Projects	3,253,535	3,253,535	0	0.0%	2,253,535 A
Software/Hardware Maintenance	4,216,879	4,216,879	1,060,144	25.1%	4,216,879
Hardware Upgrades	1,159,406	1,159,406	50,151	4.3%	1,159,406
Telecomm	1,728,027	1,728,027	119,751	6.9%	1,728,027
Labor & Business Expenses	1,746,076	1,746,076	328,356	18.8%	1,746,076
Service Contracts	2,205,015	2,205,015	42,771	1.9%	2,205,015
TOTAL	18,458,938	18,458,938	1,601,173	8.7%	17,458,938

A - IT expenditures totaling \$1 million for the permitting and planning software replacement (EDEN) are being moved from the current 2018-19 fiscal year budget out to Fiscal Year 2020-21.

Q1 BUDGET UPDATE

CITY OF IRVINE - SEPTEMBER 2018



The Information Technology Strategic Plan highlights six focus areas for the IT division and identifies key projects which align with those goals. The following table provides the status of the key active projects and planned implementation dates as of September 30, 2018.

Focus Areas / Projects	Budget	Status	Planning / Business Requirement	Implementation	Completed	Go Live
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1. Mobility

A. Work Order Management (Lucity)	*	85%		✓		12/30/18
B. City Mobile App	\$25,000	80%		✓		12/30/18
C. City Mobile App & Lucity Integration	\$25,000	5%	✓			12/30/19
D. Mobile Code Enforcement	\$10,000	5%	✓			6/30/19

2. Security

A. Security Framework	*	20%		✓		9/30/19
B. Security Assessment	\$100,000	5%	✓			9/30/19
C. Security Online Training	*	75%		✓		12/30/18

3. Cloud Computing

A. Microsoft Azure	*	5%	✓			10/30/19
B. Electronic Plan Review	\$100,000	5%	✓			6/30/19

4. Disaster Recovery

A. Disaster Recovery Plan	*	25%	✓			12/30/18
B. Disaster Recovery Pilot	*	5%	✓			6/30/19

5. Digitization and Data Analytics

A. Maintenance Management System	\$121,000	20%		✓		9/30/19
B. Microsoft SharePoint	*	10%		✓		3/30/19
C. Electronic Forms	*	10%		✓		12/30/19

6. Innovation

A. Public Safety Records Management	\$450,000	10%	✓			7/30/20
B. Computerized Maintenance Management System (CMMS)	\$400,000	5%	✓			12/30/19

Completed	Resolving issues to achieve green status
On schedule	Requires corrective action plan to achieve green status

* Services are included in other projects/budgets.

Q1 BUDGET UPDATE

CITY OF IRVINE - SEPTEMBER 2018



SPECIAL FUNDS

An update on key special funds, with balances as of September 30, 2018 is provided below.

Fund	Balance July 1, 2018	Balance Sept 30, 2018	Variance	Year-End Estimate
Asset Management Plan (002)	43,550,781	45,005,553	1,454,772	40,545,871
Compensated Absences Fund (003)	6,516,473	6,097,882	(418,591)	5,728,302
Contingency Reserve Fund (006)	42,212,653	42,804,860	592,207	42,719,266
School Support Fund (007)	2,160,909	959,339	(1,201,570)	843,601
Infrastructure and Rehabilitation Fund (010)	16,863,816	17,097,596	233,780	10,722,283
Orange County Great Park Fund (180)	321,185,827	325,411,126	4,225,299	311,477,733

ASSET MANAGEMENT PLAN FUND is the funding source for rehabilitation of City infrastructure, internal loans and liquidity, pay down for PERS unfunded liability, and reserves for natural disaster and other emergencies. The increase of \$1,454,772, includes interest earnings, market value gains, rate savings and a partial repayment from the General Fund for the pension Liability Pay-Down Plan.

COMPENSATED ABSENCES FUND is funding for anticipated payments for compensated absences due to retirements and terminations. The compensated absences fund is funded by departments paying a percentage of their salaries, sufficient to meet current payouts, plus a contribution to future liabilities.

CONTINGENCY RESERVE FUND is funding for unanticipated events or factors (including, but not limited to, economic downturn), which might require additional funding or appropriation. City Council's current goal is to bring the reserve fund up to 25 percent of adopted General Fund appropriations by FY 2018-19. As of September 30, 2018, the Contingency Reserve Fund is 22.5 percent of the FY 2018-19 General Fund appropriations due to realized interest and market value gains.

SCHOOL SUPPORT FUND accounts for the City's direct financial support of Irvine Schools and Irvine students through the Educational Partnership Fund and Challenge Match Grant Programs.

INFRASTRUCTURE AND REHABILITATION FUND was created to provide for the accumulation and distribution of funds for City rehabilitation projects. The sources of revenue for this fund are interest earnings from the Asset Management Plan Fund and a budgeted allocation from the General Fund to provide additional funding for future City projects. The increase of \$233,780 is mainly due to interest and market value gains.

Q1 BUDGET UPDATE

CITY OF IRVINE - SEPTEMBER 2018



ORANGE COUNTY GREAT PARK FUND revenues were \$6,820,776 at the end of September, and are received from a variety of sources including development agreements, Community Facility District funding, grants, admissions and rent. Expenditures and transfers-out of \$2,595,477 consist of \$1,256,561 in salaries and benefits, \$621,038 in development and contract services, \$671,002 in other operating costs and \$46,876 in transfers-out. Other operating costs primarily consist of utility costs of \$157,324, internal service charges of \$291,421, insurance costs of \$94,402 and miscellaneous items of \$127,855. At the end of September, the recorded fund balance of \$325,411,126 was comprised of the following:

Department of Finance Settlement Agreement	\$	292,000,000
Less: Irvine Community Land Trust - 10 Percent	\$	<u>(29,200,000)</u>
Net Proceeds	\$	262,800,000 *
Rehabilitation Asset Management Plan Reserve	\$	3,691,593
Marine Way Deposit	\$	5,000,000
Available Fund Balance	\$	<u>53,919,533</u>
Fund Balance	\$	325,411,126

* These funds are reserved separately for future appropriation by the City Council. As of September 30, 2018, \$56,038,264 has been received to date from the Department of Finance. Below is an overview of the cash received-to-date from the Department of Finance Settlement Agreement as of September 30, 2018.

Cash Received from Settlement Payment	\$	56,038,264
Less: Irvine Community Land Trust - 10 Percent	\$	(5,603,826)
Less: Loan - IRWD Connection Fees	\$	<u>(5,400,000)</u>
Available Cash	\$	45,034,438

Q1 BUDGET UPDATE

CITY OF IRVINE - SEPTEMBER 2018



QUARTERLY SPECIAL FUNDS REPORT SEPTEMBER 30, 2018

Fund	Description	Beginning Fund Balance	Revenues	Expenses	Transfers In	Transfers Out	Ending Fund Balance
GENERAL FUND - SPECIAL FUNDS:							
001 ^A	GENERAL FUND	9,868,685	16,862,062	(40,995,196)	765,253	(3,333,615)	(16,832,812)
002	ASSET MANAGEMENT PLAN FUND	43,550,781	954,772	-	500,000	-	45,005,553
003	COMPENSATED ABSENCES FUND	6,516,473	91,416	(510,007)	-	-	6,097,882
005	DEVELOPMENT SERVICES FUND	458,881	907,422	(663,639)	-	(106,425)	596,240
006	CONTINGENCY RESERVE FUND	42,212,653	592,208	-	-	-	42,804,860
007	SCHOOL SUPPORT FUND	2,160,909	43,407	(2,244,977)	1,000,000	-	959,339
009	REVENUE CLEARING FUND	-	139,899	(147,631)	-	-	(7,732)
010	INFRASTRUCTURE & REHABILITATION	16,863,816	241,216	(7,435)	-	-	17,097,596
012	INNOVATION FUND	164,507	2,314	-	-	-	166,821
024	BUILDING & SAFETY FUND	1,791,623	4,021,304	(3,181,461)	-	(499,944)	2,131,522
027	DEVELOPMENT ENGINEERING FUND	1,552,152	583,615	(257,216)	-	(112,009)	1,766,543
	SUB-TOTAL	125,140,480	24,439,634	(48,007,561)	2,265,253	(4,051,993)	99,785,813

SPECIAL REVENUE FUNDS:

107	ROAD MAINT & REHAB ACCT RMRA	557,599	447,240	-	-	-	1,004,839
111	GAS TAX FUND	10,801,776	1,021,697	(305,118)	-	-	11,518,355
112	LOCAL PARK FEES FUND	115,557,235	1,643,337	-	-	(722,802)	116,477,769
113	FEES & EXACTIONS FUND	14,112,437	280,072	(3,021,177)	-	-	11,371,332
114	HOME GRANT	243,911	37,661	(37,389)	-	-	244,184
118	SYSTEMS DEVELOPMENT FUND	26,837,921	4,164,615	-	-	-	31,002,536
119	LIGHTING, LANDSCAPE & PARK MNT	1,240,396	149,747	(3,022,230)	1,286,676	-	(345,410)
125	COMM DEVELOP BLOCK GRANT FUND	73,090	159,744	(130,828)	-	-	102,006
126	SENIOR SERVICES FUND	812,465	20,474	(2,815)	-	-	830,125
128	OFFICE ON AGING PROGRAMS FUND	123,105	109,604	(204,494)	105,000	-	133,215
130	AB2766 - AIR QUALITY IMPROVMNT	450,508	5,508	(68,639)	-	-	387,377
132	SLURRY SEAL SUR CHG FUND	1,595,769	104,477	(17,031)	-	-	1,683,214
136	PS SPECIAL SERVICES FUND	94,374	538,581	(614,469)	-	-	18,486
139	SUPPL LAW ENFORCEMENT SERVICES	781,216	130,886	(65,239)	-	-	846,863
143	PUBLIC SAFETY GRANTS	500,025	149,987	(140,823)	-	-	509,190
145 ^B	STRUCTURAL FIRE FUND	-	-	(13,992)	-	-	(13,992)
146	I SHUTTLE	876,877	10,613	4,200	(10,953)	-	880,736
149	SPECIAL PROGRAM GRANTS	176,042	186,724	(97,186)	-	-	265,580
151	ASSET FORFEITURE JUSTICE DEPT	1,142,780	120,745	(15,030)	-	-	1,248,495
152	ASSET FORFEITURE TREASURY DEPT	17,911	252	-	-	-	18,163
153	ASSET FORFEITURE STATE FUND	247,519	4,016	-	-	-	251,534
154	RENEWED MEASURE M2 FAIR SHARE	1,736,257	789,175	(21,413)	-	-	2,504,018
155	COMMUNITY SERVICES PROGRAMS	638,068	47,962	(25,713)	-	-	660,317
180	ORANGE COUNTY GREAT PARK	321,185,827	6,820,776	(2,548,602)	-	(46,875)	325,411,126
	SUB-TOTAL	499,803,108	16,943,892	(10,347,990)	1,380,723	(769,677)	507,010,057

A - It is typical for the General Fund to have a negative fund balance at the end of Q1, because of the seasonal variances between revenues and expenditures.

B - The negative fund balance is caused by timing differences between when expenses occur and when reimbursement is received from OCFA in January and June.

Q1 BUDGET UPDATE

CITY OF IRVINE - SEPTEMBER 2018



QUARTERLY SPECIAL FUNDS REPORT SEPTEMBER 30, 2018

Fund	Description	Beginning Fund Balance	Revenues	Expenses	Transfers In	Transfers Out	Ending Fund Balance
CAPITAL PROJECTS FUNDS:							
204	CFD 2013-3 GREAT PARK	20,390,371	1,043,912	1,678,252	14,076,335	(14,076,335)	23,112,535
205	CFD 2004-1 IMP CENTRAL PARK	5,463,145	163,858	-	-	-	5,627,003
206	AD 84-6/89-10 WESTPARK	1,440,819	2,550	-	-	-	1,443,370
207	AD 85-7 SPECTRUM 1, 3 & 4	18,521	90	-	-	-	18,611
208	AD 87-8 SPECTRUM 5 NORTH	5,203	9	-	-	-	5,212
213	AD 94-13 OAKCREEK	23,080	1,258	-	-	-	24,337
214	AD 93-14 SPECTRUM 6 & 7	15,368,981	55,521	-	-	-	15,424,502
215	AD 97-16 NORTHWEST IRVINE	16,581,350	44,163	-	-	-	16,625,513
216	AD 97-17 LOWER PETERS CANYON	30,358,259	71,373	-	-	-	30,429,633
217	AD 00-18 SHADY CNYN/TURTLE RDG	5,467,897	7,949	-	-	-	5,475,846
218	AD 03-19 NORTHERN SPHERE	332,205	1,692	(3,207)	-	-	330,689
219	AD 04-20 PORTOLA SPRINGS	4,620,512	23,629	(15,523)	-	-	4,628,618
220	AD 05-21 ORCHARD HILLS	18,929,961	66,020	(11,807)	-	-	18,984,173
221	AD 07-22 STONEGATE	1,786,902	3,202	(1,386,436)	-	-	403,667
223	AD 10-23 LAGUNA ALTURA	1,392,620	4,912	-	-	-	1,397,532
224	AD 11-24 CYPRESS VILLAGE	123,504	34,515	(1,281)	-	-	156,737
225	AD 13-25 EASTWOOD	2,236,945	5,770	-	-	-	2,242,715
250	CAPITAL IMPROV PROJ FUND - CIR	30,553,942	5,335,530	(1,156,675)	-	-	34,732,798
254	RAILROAD GRADE SEPARATION	680,116	9,566	-	-	-	689,683
260	CAPITAL IMPROV PROJ-NON CIRC	22,077,805	652,723	(637,405)	-	-	22,093,123
262	COL BILL BARBER MC MEMORIAL PK	250,141	3,518	-	-	-	253,659
270	NORTH IRVINE TRANSP MITIGATION	104,159,015	1,100,687	(50,001)	-	-	105,209,701
271	IRVINE BUSINESS COMPLEX	90,771,945	1,697,528	(150,432)	-	-	92,319,041
272	IBC TRANSPORTATION MGMT PROG	51,535	1,387	-	-	10,953	63,875
282 ^c	FEE DISTRICT NO. 92-1	(389,917)	524	-	-	-	(389,393)
286	GREAT PARK DEVELOPMENT FUND	6,861,146	78,226	(745,409)	722,802	-	6,916,766
	SUB-TOTAL	379,556,003	10,410,112	(2,479,924)	14,799,137	(14,065,382)	388,219,946
INTERNAL SERVICE FUNDS:							
501	INVENTORY	148,858	106,140	(104,413)	-	-	150,585
570	INSURANCE FUND	1,862,453	1,542,191	(3,137,114)	441,939	-	709,470
574	FLEET SERVICES FUND	10,881,838	828,379	(878,152)	-	-	10,832,065
578	MAIL & PRINT INTERNAL SERVICES	1,066,233	484,776	(143,238)	-	-	1,407,770
579	STRATEGIC TECHNOLOGY PLAN FUND	7,161,099	4,166,366	(1,601,173)	-	-	9,726,293
580	CIVIC CTR MAINT & OPERATIONS	1,118,868	568,689	(390,743)	-	-	1,296,813
	SUB-TOTAL	22,239,349	7,696,541	(6,254,832)	441,939	-	24,122,996

C - Reimbursement due to developer for fire station #6 from fees collected within the district.

Revenue Recap Summary

For the Month Ended September 30, 2018

Type	Description	Original Budget	Adjusted Budget	Receipts This Month	Receipts Year to Date	Unrealized Balance
210	Secured Property Tax	18,885,791.00	18,885,791.00	-	-	18,885,791.00
210	Unsecured Property Tax	592,621.00	592,621.00	346,038.16	346,038.16	246,582.84
210	Homeowner Relief	105,000.00	105,000.00	-	-	105,000.00
210	No-Low TEA Property Tax	22,799,111.00	22,799,111.00	398,233.42	406,155.02	22,392,955.98
210	Supplemental Property Tax	438,726.00	438,726.00	9,507.96	16,580.42	422,145.58
210	RDA Pass Thru	144,368.00	144,368.00	-	-	144,368.00
210	Property Tax in Lieu of VLF	26,936,829.00	26,936,829.00	-	-	26,936,829.00
220	Sales Tax-Prop 172	400,000.00	400,000.00	115,235.03	136,517.33	263,482.67
220	Sales Tax	64,209,782.00	64,209,782.00	5,016,007.49	5,016,007.49	59,193,774.51
225	Documentary Transfer Tax	4,362,066.00	4,362,066.00	415,661.79	801,544.76	3,560,521.24
230	Hotel Tax TOT	16,293,000.00	16,293,000.00	1,572,045.84	3,316,064.38	12,976,935.62
235	Utility Users Tax-Electric	3,103,382.00	3,103,382.00	422,967.22	766,224.96	2,337,157.04
235	Utility Users Tax-Gas	214,581.00	214,581.00	18,598.05	25,050.54	189,530.46
235	Utility Users Tax-Phone	1,151,406.00	1,151,406.00	88,265.09	123,006.41	1,028,399.59
235	Utility Users Tax-Alt Max Pay	180,000.00	180,000.00	-	165,000.00	15,000.00
245	Franch Tax-So Cal Edison	3,600,000.00	3,600,000.00	-	-	3,600,000.00
245	Franch Tax-So Cal Gas	575,000.00	575,000.00	-	-	575,000.00
245	Franch Tax-Comm Cablevision	3,150,000.00	3,150,000.00	-	-	3,150,000.00
245	Exclusive Franch Fee-Refuse	660,000.00	660,000.00	-	-	660,000.00
245	Franch Tax-General	5,100.00	5,100.00	-	-	5,100.00
245	Nonexclusive Franch Fee-Refuse	900,000.00	900,000.00	-	-	900,000.00
250	Animal Licenses	260,000.00	260,000.00	16,128.00	50,611.00	209,389.00
250	Business Permits	100,000.00	100,000.00	8,414.00	23,385.00	76,615.00
255	Traffic Fines	1,207,000.00	1,207,000.00	90,787.51	165,345.88	1,041,654.12
255	General City Fines	140,000.00	140,000.00	7,204.37	21,429.77	118,570.23
255	False Alarm Fines	146,000.00	146,000.00	22,725.00	56,750.00	89,250.00
259	Motor Vehicle Fee	150,000.00	150,000.00	-	-	150,000.00
260	Grants-County	173,796.00	173,796.00	27,917.09	27,917.09	145,878.91
260	Waste Recycle AB939 Education	10,000.00	10,000.00	-	-	10,000.00
260	Landfill Host Fee	3,802,156.00	3,802,156.00	-	-	3,802,156.00
260	Post Reimbursements	32,000.00	32,000.00	-	5,223.66	26,776.34
262	Miscellaneous Inspection	6,000.00	6,000.00	437.32	839.16	5,160.84
262	Traffic Signal Inspection Fees	15,000.00	15,000.00	-	8,182.00	6,818.00
262	USA Alert Fees-Landscape	100.00	100.00	-	55.00	45.00
262	USA Alert Fees-Traffic	11,000.00	11,000.00	872.00	4,942.00	6,058.00
262	Current Planning Revenue	295,000.00	295,000.00	24,321.00	80,618.00	214,382.00
265	Contract Class Programs	2,886,231.00	2,886,231.00	222,005.58	838,357.83	2,047,873.17
265	Facility-Equipment Rent	1,446,312.00	1,446,312.00	97,756.70	418,548.07	1,027,763.93
265	Special Events	85,880.00	85,880.00	15,187.50	70,280.41	15,599.59
265	Commissions-Vending Non-Tax	7,500.00	7,500.00	1,456.65	1,599.65	5,900.35
265	Safety Education Programs	5,000.00	5,000.00	1,101.00	1,141.00	3,859.00
265	Admissions	167,000.00	167,000.00	13,861.00	47,700.70	119,299.30
265	Transportation	40,000.00	40,000.00	2,790.00	8,730.00	31,270.00
265	Reimbursement Fees	502,659.06	502,659.06	11,025.13	79,204.74	423,454.32
265	Child Services	3,160,024.00	3,160,024.00	208,156.52	930,245.09	2,229,778.91
265	NSF Fees	400.00	400.00	25.00	175.00	225.00
265	Recreation Programs	1,148,424.00	1,148,424.00	56,258.92	327,982.22	820,441.78
265	Softball	311,070.00	311,070.00	4,235.00	85,790.00	225,280.00
265	Gym Leagues	264,600.00	264,600.00	(290.00)	71,285.00	193,315.00
265	Soccer	338,100.00	338,100.00	7,975.00	89,180.00	248,920.00
265	Processing Fees	13,000.00	13,000.00	1,913.00	6,459.80	6,540.20
265	Refund Fee	4,250.00	4,250.00	-	77.80	4,172.20
265	Tennis	1,849,672.00	1,849,672.00	214,690.50	551,566.75	1,298,105.25
265	Advertising-Brochures	164,000.00	164,000.00	19,066.40	53,118.60	110,881.40
265	Merchandise Sales Net of Tax	20,600.00	20,600.00	993.24	3,295.30	17,304.70
265	Memberships	35,000.00	35,000.00	5,097.00	15,220.00	19,780.00
280	Sponsorship Revenue	57,000.00	57,000.00	1,750.66	29,752.00	27,248.00
280	Interfund Services Provided	300,000.00	300,000.00	-	859.50	299,140.50
280	Animal Services Adoptions	275,000.00	275,000.00	17,250.00	55,111.50	219,888.50
280	Gross Taxable Sales	10,000.00	10,000.00	-	-	10,000.00
280	Booking Fees	51,000.00	51,000.00	38,375.12	41,739.12	9,260.88
280	Maintenance Agreement	11,479.00	11,479.00	3,106.50	4,935.74	6,543.26
280	Micro Filming Fees	40,000.00	40,000.00	3,801.00	13,268.25	26,731.75

Revenue Recap Summary

For the Month Ended September 30, 2018

Type	Description	Original Budget	Adjusted Budget	Receipts This Month	Receipts Year to Date	Unrealized Balance
280	Bank Card and ATM Fees	71,900.00	71,900.00	180.40	353.10	71,546.90
280	Animal Service Impounds	50,000.00	50,000.00	3,835.00	14,722.00	35,278.00
280	Animal Services Fees	4,750.00	4,750.00	450.00	1,725.00	3,025.00
280	Bus Stop Shelter Fees	260,000.00	260,000.00	-	-	260,000.00
280	Recovered Staff Costs	523,924.00	523,924.00	63,283.65	63,283.65	460,640.35
285	Cash Over and Short	-	-	(0.61)	636.16	(636.16)
285	Donations	5,750.00	5,750.00	125.00	2,802.81	2,947.19
285	DUI Cost Recovery Revenue	46,000.00	46,000.00	8,790.16	15,898.82	30,101.18
285	Misc Public Safety Revenue	68,025.00	68,025.00	25,965.01	35,082.01	32,942.99
285	Sale of Property	25,000.00	25,000.00	15,131.00	16,449.00	8,551.00
285	Sale of Printed Material	8,000.00	8,000.00	836.84	2,257.74	5,742.26
285	Prior Yr Recovered Expenses	-	-	12,404.50	12,925.37	(12,925.37)
285	Current Yr Recovered Expenses	21,984.00	21,984.00	323.84	6,461.09	15,522.91
285	Prior Year Revenue	-	-	114.96	114.96	(114.96)
285	Utility Rebates-Refunds	10,000.00	10,000.00	-	-	10,000.00
285	SB 90 Reimbursement Revenue	-	-	-	-	-
285	Miscellaneous	82,100.00	82,100.00	13,543.39	17,752.01	64,347.99
285	TIC Spectrum Median Reim Agrmt	45,000.00	45,000.00	39,756.17	39,756.17	5,243.83
285	Interest	-	-	(7,598.79)	(13,948.77)	13,948.77
285	Rent	782,201.00	782,201.00	112,701.50	314,764.10	467,436.90
285	Delinquencies-Penalty-Late Fee	50,000.00	50,000.00	7,347.32	15,395.69	34,604.31
285	Lobbyist Fees	2,500.00	2,500.00	-	-	2,500.00
285	Market Value Gain-Loss	-	-	-	177,502.98	(177,502.98)
295	Hotel Improvement District	4,073,250.00	4,073,250.00	393,011.44	829,016.08	3,244,233.92
		194,379,400.06	194,379,400.06	10,239,154.54	16,862,062.07	177,517,337.99
300	Trans In-Development Svcs	527,040.00	527,040.00	36,151.00	106,425.00	420,615.00
300	Trans In-Economic Uncertainty	2,112,000.00	2,112,000.00	-	-	2,112,000.00
300	Trans In-Educational Partners	-	-	-	-	-
300	Trans In-Build-Safety Fund	2,169,557.00	2,169,557.00	161,156.00	499,944.00	1,669,613.00
300	Trans In-Developmt Eng Fund	369,000.00	369,000.00	24,227.00	112,009.00	256,991.00
300	Trans In-PS Special Services	55,000.00	55,000.00	-	-	55,000.00
300	Trans In-OCGPC	187,500.00	187,500.00	46,875.00	46,875.00	140,625.00
		5,420,097.00	5,420,097.00	268,409.00	765,253.00	4,654,844.00
		199,799,497.06	199,799,497.06	10,507,563.54	17,627,315.07	182,172,181.99

1.10



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: TREASURER'S REPORT FOR THE QUARTER ENDED
SEPTEMBER 30, 2018

Director of Administrative Services

City Manager

RECOMMENDED ACTION

Receive and file the Treasurer's Report for the quarter ended September 30, 2018.

EXECUTIVE SUMMARY

This report provides a synopsis of investment activity for the City's three investment portfolios for the quarter ended September 30, 2018. The portfolios, managed by United American Capital Corporation (UACC) under the direction of the Treasurer, include the Irvine Pooled Investment Portfolio, Bond Proceeds Fund Portfolio, and the Special District Funds Portfolio. The total book value for all three portfolios was \$875.18 million as of September 30, 2018.

This report provides information on assets, allocations, average maturities, yields, and valuations for each of the three portfolios. A discussion of market conditions is included to give additional perspective to these measurements.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

On November 5, 2018, with all members present, the Finance Commission voted 5-0 to recommend City Council receive and file the Treasurer's Report for the quarter ended September 30, 2018. At its special meeting of October 24, 2018, the Investment Advisory Committee unanimously voted to recommend that the City Council receive and file the Treasurer's Report.

ANALYSIS

The Treasurer's office is responsible for the investment of the City's three fixed income portfolios in conformance with the Investment Policy adopted annually by the City Council. In accordance with the Investment Policy, management of the Irvine Pooled Investment Portfolio, Bonds Proceeds Fund Portfolio and the Special District Funds Portfolio are delegated to a contract management firm, UACC, with full authority to execute investment transactions on behalf of the City. The Investment Policy is updated annually in accordance with the California State Government Code. Treasurer's reports are provided

at quarter end and fiscal year end to the Investment Advisory Committee, Finance Commission, and City Council. The report includes investment activity and performance for each of the City's portfolios. The primary objectives of investing public funds, in order of importance, are safety of principle, liquidity of funds, and return on investment. All securities owned by the City are held in safekeeping by a third party custodial bank acting as the agent for the City instead of being held by a securities dealer or investment management firm. Any trade executed with a broker/dealer is required to settle with the City's safekeeping agent on a delivery versus payment basis, where the delivery of a security to the appropriate party is made only after the funds have been sent in full as payment for the security.

Irvine Pooled Investment Portfolio

The Irvine Pooled Investment Portfolio contains funds invested for the daily operational requirements of the City and funds reserved for economic uncertainties, future rehabilitation and maintenance needs. The portfolio is a combination of various operational funds, including the City's Asset Management Plan and funds earmarked for the development of the Orange County Great Park. A summary of Irvine Pooled Investment Portfolio by Fund is presented at the end of this report (Attachment).

As of September 30, 2018, the book value (purchase price of securities as recorded on the City's books) of the portfolio was \$674.48 million and the average weighted yield to maturity was 1.71 percent. Investment revenue (interest payments and capital gains) generated by the portfolio for quarter ending September 30, 2018 was \$2.28 million. The following chart compares the portfolio's statistics over a rolling 12-month period.

Irvine Pooled Investment Portfolio Rolling 12-Month Quarterly Comparison

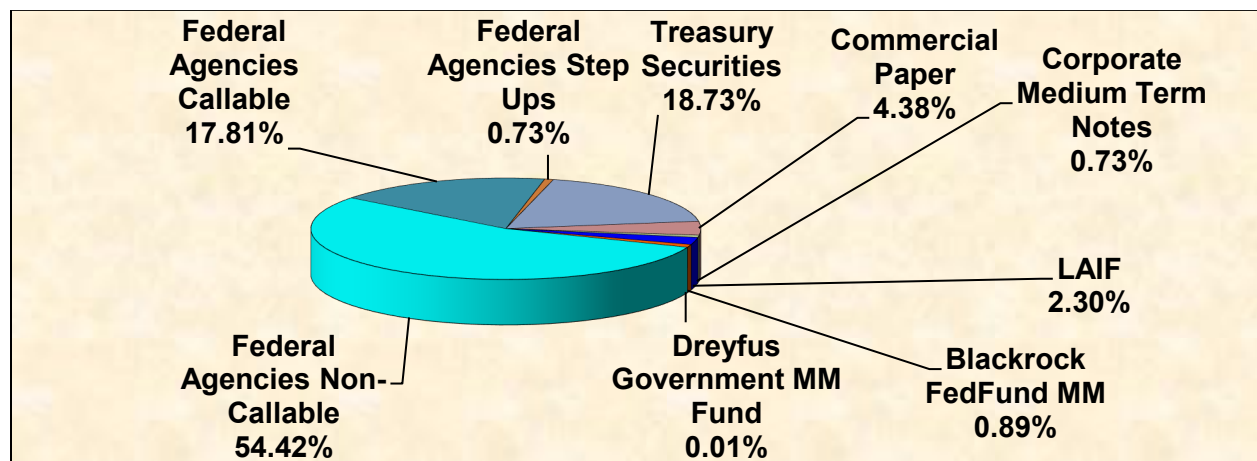
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Book Value	\$674,483,445	\$707,103,573	\$661,611,807	\$634,945,838
Market Value	\$665,082,116	\$698,234,684	\$653,215,825	\$629,344,603
Unrealized Gain/(Loss)	(\$9,401,329)	(\$8,868,889)	(\$8,395,982)	(\$5,601,235)
Unrealized Gain/(Loss) as % of Book Value	(1.39%)	(1.25%)	(1.27%)	(0.88%)
Average Yield To Maturity	1.71%	1.60%	1.45%	1.36%
Liquidity 0–6 Months	18.10%	21.71%	17.40%	12.97%
Average Years To Maturity	1.80	1.85	1.90	1.97
Modified Duration (Years)	1.73	1.78	1.83	1.91
Quarterly Interest Earnings	\$2,278,578	\$2,078,965	\$2,025,642	\$1,919,383

The Irvine Pooled Investment Portfolio's book value decreased by \$32.62 million from the previous quarter due to the prepayment of CalPERS pension liability for Fiscal Year 2018-19, and higher than average expenses related to capital projects. Portfolio yield to maturity increased for the quarter ended September 30, 2018 by 11 basis points to 1.71 percent. This was directly attributed to the increasing rate environment as maturing investments were reinvested into longer dated higher rate securities. With market rates increasing, the portfolio ended the quarter with an unrealized loss of \$9.40 million as compared to an unrealized loss of \$8.87 million on June 30, 2018. This is a normal result of the portfolio's modified duration of 1.73 years, and its price-sensitivity to changes in market interest rates.

To ensure the safety of the portfolio, investments that hold the highest credit quality are selected. The Irvine Pooled Investment Portfolio is comprised primarily of Treasury Securities and Federal Government sponsored entity debt, otherwise known as federal agency securities. Although federal agency securities were downgraded by Standard & Poor's to AA+ in August 2011, they continue to be regarded as among the safest securities in the global market. Two of the government sponsored agencies, Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), remain under conservatorship and carry an implicit guarantee by the Federal Government. In addition, both are carefully monitored by the City's investment manager and Treasurer to ensure the continued safety of the City's funds.

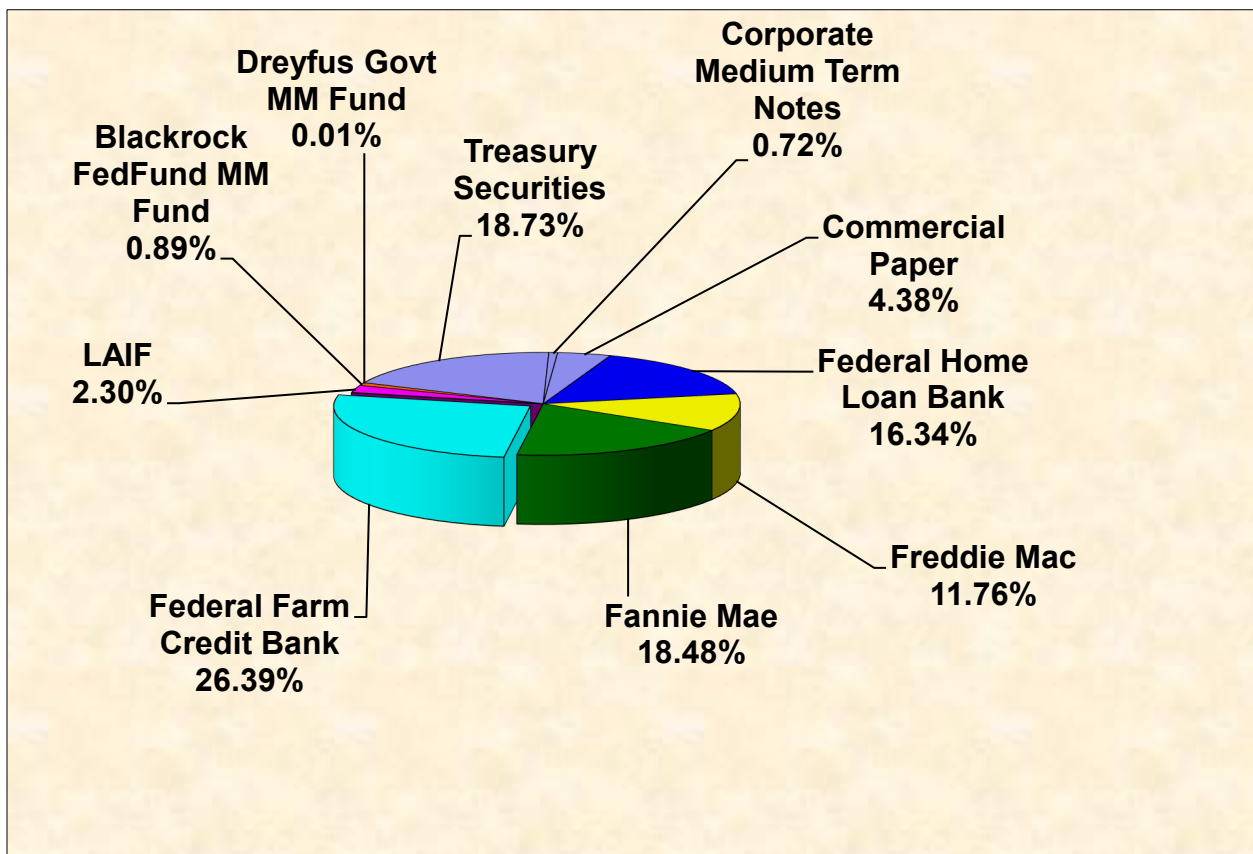
To manage liquidity, the Irvine Pooled Investment Portfolio is invested in Local Agency Investment Funds (LAIF), Dreyfus Government money market fund, Blackrock FedFund money market fund and short term Commercial Paper. Chart 1 shows the asset allocation of the portfolio.

Irvine Pooled Investment Portfolio
Chart 1 - Asset Allocation
as of September 30, 2018



To diversify, the City purchases United States Treasury notes Commercial Paper, Corporate Medium term notes, and securities from several different federal agencies. The four Federal Government sponsored entities the City owns are: Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Home Loan Bank (Home Loan), and Federal Farm Credit Bank (Farm Credit). Chart 2 identifies portfolio holdings by issuer name.

**Irvine Pooled Investment Portfolio
Chart 2 - Holdings by Issuer Name
as of September 30, 2018**



Another key component in portfolio management is to ensure that the City has enough funds on hand to meet current expenses. As of September 30, 2018, the overnight to 6-month liquidity level for the Irvine Pooled Investment Portfolio was at 18.10 percent. Chart 3, on the following page, is an aging of investment maturities up to 5 years (the maximum maturity allowable by policy and state code) of the Irvine Pooled Investment Portfolio.

Irvine Pooled Investment Portfolio
Chart 3 - Aging of Maturing Investments (Maturity Value)
as of September 30, 2018

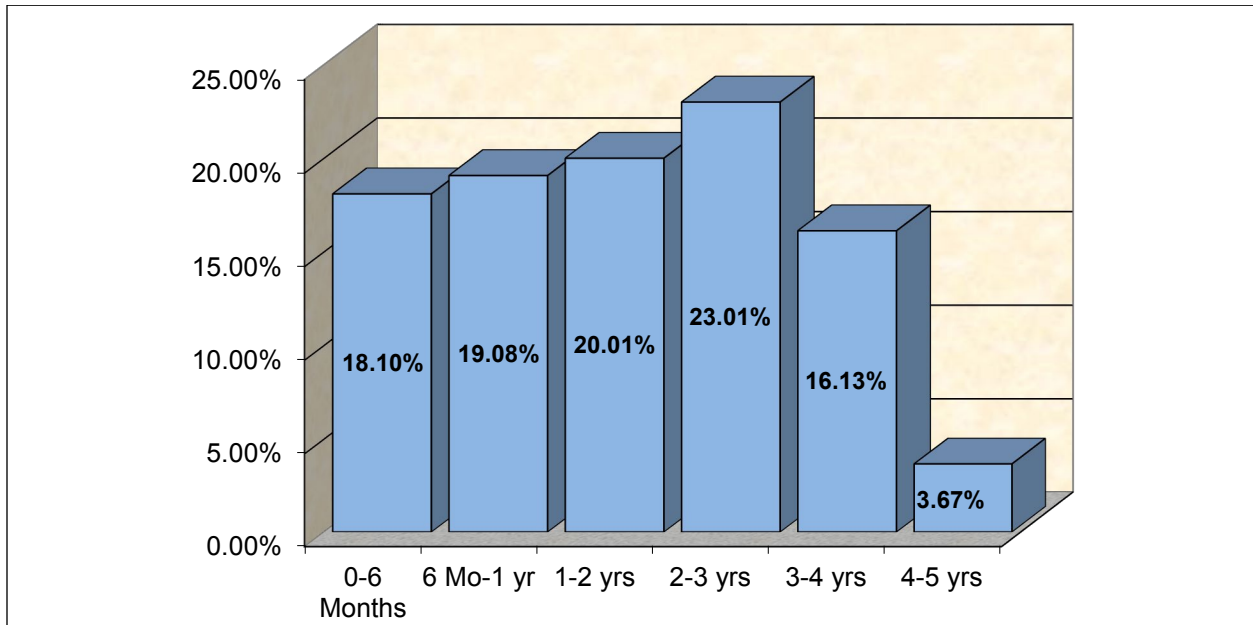
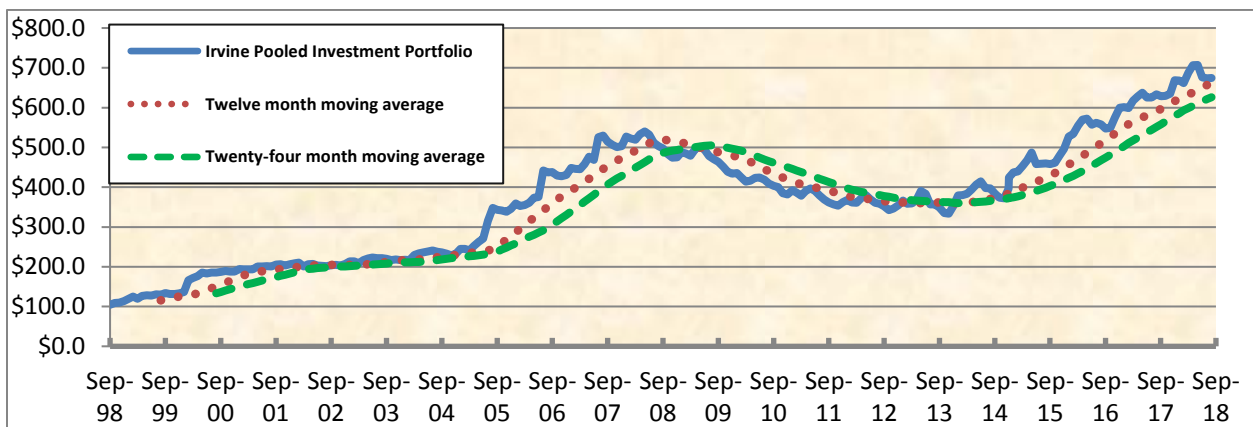
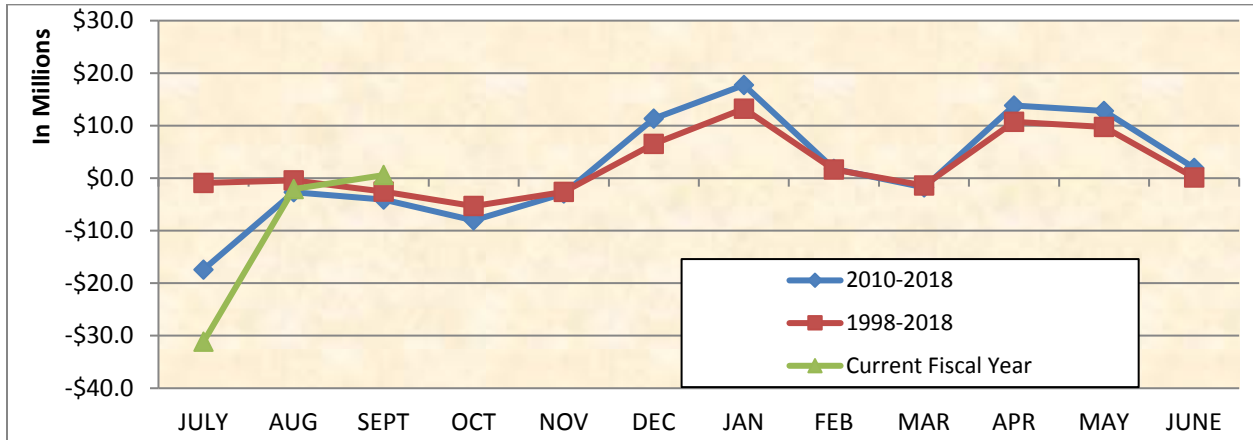


Chart 4 and Chart 5 show the volatility and cyclicalty of the Irvine Pooled Investment Portfolio fund balance and cash flows between 1998 and 2018. As noted in chart 5, the portfolio experienced above average outflows in July due to the prepayment of CalPERS pension liability for Fiscal Year 2018-19, and higher than average expenses related to capital projects.

Irvine Pooled Investment Portfolio
Chart 4 - Portfolio Balance
September 30, 1998 through September 30, 2018

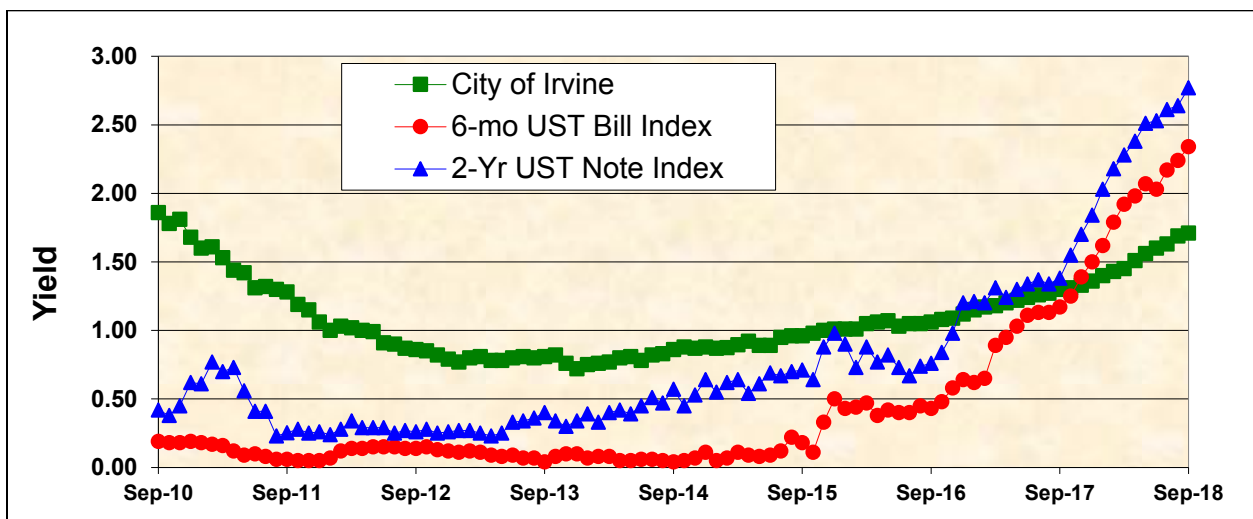


Irvine Pooled Investment Portfolio
Chart 5 – Balance Change Month by Month (Average)



To gauge performance, the City compares the Irvine Pooled Investment Portfolio's yield to maturity against two reference notes set in the City's Annual Investment Policy: the 6-month United States Treasury (UST) Bill Index and 2-year UST Note Index. The reference notes are used as a measure of the portfolio against market movement. Chart 6 compares the average yield to maturity of the portfolio to these reference notes, and shows the spread (difference between the index and the yield to maturity) for the past eight years. With the recent Federal Reserve rate hikes, the portfolio's book yield is less than the 6-month UST by 0.63 percent and the 2-year UST by 1.06 percent. However, over a period of 24 months, the average yield on the 2-year Treasury note is 1.77 percent, versus 1.71 percent for the Irvine Pooled Investment Portfolio.

Irvine Pooled Investment Portfolio
Chart 6 - Yield to Maturity Compared to Assigned Indices
September 30, 2010 through September 30, 2018



Bond Proceeds Fund Portfolio

The Bond Proceeds Fund Portfolio contains special district construction and administration funds that are not held by a trustee. These include older bond issues, and funds on hand to finance the City's special district administration. Investment strategy in the Bond Proceeds Fund Portfolio differs from the Irvine Pooled Investment Portfolio due to the different cash needs between the two. The Bond Proceeds Fund Portfolio requires greater liquidity to meet debt related payments. The account balance in the Bond Proceeds Fund Portfolio fluctuates from quarter to quarter due to the timing of property assessment collections from the County of Orange and subsequent distributions. Several times a year, the portfolio receives special assessments and tax levies collected by the County. The special assessments and tax levies contain three major components:

- (1) The collections from the various Assessment Districts (AD), Reassessment Districts (RAD) and Community Facilities Districts (CFD). Upon receipt, the City transfers these funds to the Districts' bond trustees.
- (2) The collections for the guaranteed maintenance amount of the Great Park CFD. Upon receipt, the City transfers this amount to the Orange County Great Park Fund.
- (3) The collections for the Districts' construction and administration funds held and managed by the City. This portion remains in the Bond Proceeds Fund Portfolio.

Fiscal year-to-date investment revenue (interest payments and capital gains) generated by the Bond Proceeds Fund Portfolio as of September 30, 2018 was \$30,020.

Bond Proceeds Fund Portfolio Rolling 12-Month Quarterly Comparison

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Book Value	\$6,580,000	\$6,902,000	\$6,056,000	\$5,381,000
Market Value	\$6,567,675	\$6,885,007	\$6,044,454	\$5,375,845
Unrealized Gain/(Loss)	(\$12,325)	(\$16,993)	(\$11,546)	(\$5,155)
Unrealized Gain/(Loss) as % of Book Value	(0.19%)	(0.25%)	(0.19%)	(0.10%)
Average Yield To Maturity	2.09%	1.76%	1.52%	1.24%
Liquidity 0–6 Months	100.00%	100.00%	100.00%	100.00%
Average Days To Maturity	1	1	1	1
Modified Duration in Days	1	1	1	1
Fiscal Year to Date Income	\$30,020	\$65,370	\$43,787	\$28,053

Special District Funds Portfolio

The Special District Funds Portfolio contains project and reserve funds for 28 AD and RAD bond issues and four CFD bond issues. Investments in this portfolio are made in accordance with each bond's indenture and the strategy is based on the cash flow needs of each district. The Special District Funds Portfolio must also remain very liquid to provide project funds, when needed, as well as meet debt service payment requirements. Fiscal year-to-date investment revenue (interest payments and capital gains) generated by the Special District Funds Portfolio as of September 30, 2018 was \$495,573.

Special District Funds Portfolio Rolling 12-Month Quarterly Comparison

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Book Value	\$194,119,024	\$258,697,808	\$265,277,405	\$294,084,302
Market Value	\$194,125,710	\$258,660,961	\$265,185,789	\$294,001,956
Unrealized Gain/(Loss)	\$6,686	(\$36,847)	(\$91,616)	(\$82,347)
Unrealized Gain/(Loss) as % of Book Value	0.00%	(0.01%)	(0.03%)	(0.03%)
Average Yield To Maturity	2.24%	2.09%	1.74%	1.41%
Average Days To Maturity	64	56	70	73
Fiscal Year to Date Income	\$495,573	\$2,908,722	\$1,969,221	\$863,441

Market Conditions

During the first quarter of FY 2018-19, interest rates increased moderately across the yield curve. As expected, the Federal Reserve increased the federal funds rate range by 25 basis points for the fourth time in the past 12 months at the September 26, 2018 Federal Open Market Committee (FOMC) meeting. The current federal funds rate range is 2.00 to 2.25 percent. During the quarter, the yields of the 6-month Treasury notes increased 25.90 basis points to 2.36 percent, the two-year notes increased 26.10 basis points to 2.82 percent, and the five-year notes increased 21.51 basis points to 2.95 percent. The Local Agency Investment Fund (LAIF) daily rate increased from 1.75 percent to 2.09 percent during the past quarter. The net effect to the Pooled Investment Portfolio was an increase in the unrealized market value loss which was in direct proportion to the stated duration of the portfolio. As bonds mature, proceeds are reinvested into higher yielding government bonds which increase the average rate of return.

Financial markets continued to focus on economic releases, including labor and wage data, global trade, protectionism, and Federal Reserve Fund policy. As of September 30, 2018, the unemployment rate declined to 3.70 percent. The under-employment rate improved to 7.50 percent from 7.80 percent last quarter. Labor force participation rate

remains low at 62.70 percent, a level not seen since 1978. The yearly percentage change of the average hourly earnings has steadily risen since the financial crisis ended, and remains at the high end of the relatively narrow range of 1.50 percent to 2.90 percent signifying that labor cost growth is lagging behind employment growth.

The Federal Reserve remains focused on maximum employment, stable prices, and moderate long term interest rates. The probability of a 25 basis points Federal Funds rate increase at the December 19, 2018 FOMC meeting remains high. Subtle yet significant changes were made to the last two FOMC statements in describing the shift in Federal Policy. In June's statement, the constant reference to the Federal Reserve keeping rates "below levels that are expected to prevail in the longer term" was eliminated. "Policy remains accommodative" was removed in September's FOMC statement. Officials raised rates on September 26 and have signaled a fourth rate increase this year, and potentially three to four rate hikes in 2019. With unemployment at 3.70 percent, wage growth at 2.80 percent and continuing to rise modestly, the FOMC will remain focused on the historical inverse relationship between rates of unemployment and corresponding rates of inflation. Some Federal Reserve officials also worry that a long period of low interest rates amid scarce resources, including a smaller pool of available workers, could generate overly-inflated asset valuations. The number one complaint from small business hiring managers, as measured by the National Federation of Independent Business small business index, is their difficulty in finding qualified employees.

The long run impact of a trade war could negatively impact economic growth, inflation, and profit margins. The economy advanced at a moderate pace during the quarter with current projections predicting an increase above the 3.00 percent pace in the prior quarters' GDP index. The Atlanta Federal Reserve GDPNow Forecast is currently 4.08 percent as of October 1, 2018, and may continue to move higher during the remainder of the calendar year. Inflation remains slightly below the Federal Reserve's 2.00 percent target as measured by the Personal Consumption Expenditure Core Price index at 1.95 percent as of August 31, 2018.

In conclusion, the moderately expanding economy coupled with current benign but slowly accelerating inflation data will keep the Federal Reserve policy of interest rate normalization on a cautious path. The Federal Reserve began quantitative tightening during the final months of the calendar year 2017 and will gradually accelerate the drawdown of its balance sheet from \$10 billion per month to \$50 billion per month. The European Central Bank is also expected to end its quantitative easing by calendar year end, as the Bank of Japan continues to reduce its monetary stimulus. Fiscal policies with regard to federal government spending and taxation, trade issues, as well as the transition from easy to tighter monetary policy, would suggest increased volatility in the next quarter.

ALTERNATIVES CONSIDERED

None. The Treasurer's Report is intended to provide historical information about the City's investment portfolios. Pursuant to the City's Investment Policy, the Treasurer is required to submit quarterly Treasurer's reports to the City Council.

FINANCIAL IMPACT

Fiscal year-to-date investment income for the Irvine Pooled Investment Portfolio, Bond Proceeds Funds Portfolio, and Special Districts Funds Portfolio totaled \$2.80 million with investments structured for security and liquidity.

REPORT PREPARED BY Don Collins, City Treasurer

ATTACHMENT Summary of Irvine Pooled Investment Portfolio by Fund

City of Irvine
Summary of Pooled Investment Portfolio Book Value by Fund
As of September 30, 2018

General Fund	\$ 108,648,140
Capital Projects Funds:	
Capital Improvement Projects	32,231,426
Irvine Business Complex	92,064,794
North Irvine Transportation Mitigation	81,711,354
Orange County Great Park Development	6,223,484
Park Development	22,095,036
Total	<u>234,326,094</u>
Special Revenue Funds:	
Air Quality Improvement	387,377
County Sales Tax Measure M	2,504,018
Fees and Exactions	14,069,735
Grants	3,810,829
I Shuttle	880,736
Local Park Fees	116,477,769
Maintenance District	(400,495)
Major Special Events	(71,136)
Orange County Great Park	113,184,995
Slurry Seal Fees	1,976,764
State Gasoline Tax	12,523,356
Systems Development	31,002,536
Total	<u>296,346,484</u>
Internal Service Funds:	
Equipment & Services	16,142,403
Inventory	100,184
Self-Insurance	17,126,181
Total	<u>33,368,768</u>
Permanent Fund:	
Senior Services	830,125
Total	<u>830,125</u>
Fiduciary Fund:	
Successor Agency Debt Service	27,914
Redevelopment Obligation Retirement	935,920
Total	<u>963,834</u>
Total Pooled Investments at September 30, 2018	<u>\$ 674,483,445</u>

Notes:

1. Funds presented are consistent with the City's Comprehensive Annual Financial Report (CAFR).
2. Balances are not audited and subject to changes due to fiscal year end reconciliation.

ATTACHMENT

1.11




REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: FISCAL YEAR 2017-18 CAPITAL IMPROVEMENT AND
SPECIAL FUNDS YEAR-END REPORT



Director of Administrative Services



City Manager

RECOMMENDED ACTION

1. Approve the closure of 30 completed projects with \$95.0 million in expenditures and release appropriations of \$25.4 million in applicable special funds.
2. Approve the continuation of 123 City and Orange County Great Park administered capital projects with appropriations totaling \$160.0 million to Fiscal Year 2018-19.
3. Approve a \$19.4 million net appropriation to inter-fund transfers for open capital projects and the return of funding for closed capital projects among various special and capital project funds.
4. Approve funding for outstanding purchase orders and continuing activities in the special funds totaling \$1.6 million.
5. Approve a budget adjustment for \$50 thousand in revenues and expenditures in the Development Service Fund for traffic engineering plan check review services.
6. Approve an additional appropriation of \$1.4 million from the Gas Tax fund balance to fund the new landscape maintenance service contracts in order to maintain existing service levels.
7. Receive and file Community Facility District (CFD) annual reports for CFD 2004-1 Central Park, CFD 2005-2 Columbus Grove and CFD 2013-3 Great Park.

EXECUTIVE SUMMARY

The recommended actions conform with the City's financial policy whereby unexpended capital improvement project (CIP) and special fund balances shall be re-appropriated to the upcoming fiscal years to complete the intent of the original budget. The City Council has approved, in concept, the re-appropriation of funding with the adoption of the fiscal year (FY) 2018-19 budget. This report contains the specific projects and amounts recommended for continuation, along with the closure of projects, and related adjustments to inter-fund transfers. In addition, purchase orders of open contracts are requested to be continued to FY 2018-19.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

On November 5, 2018, with all members present, the Finance Commission voted 5-0 to recommend City Council approve the recommended actions. Additionally, the Finance Commission suggested better appropriation of the the Gas Tax Fund for traffic mitigation and recommended staff focus on ways to minimize the cost of long-term landscape maintenance.

ANALYSIS

Funds other than the General Fund are considered special funds. The City's special funds consist of Capital Projects, General Reserve, Special Revenue, Debt Service, Proprietary and Fiduciary Funds. Activities within the special funds often span two or more fiscal years, with CIPs specifically budgeted on a multi-year basis, thus requiring annual re-appropriation by the City Council.

First Recommendation – Capital Project Closures

In conjunction with the June 30, 2018 year-end analysis, 30 capital projects with expenditures totaling \$95.0 million are recommended for closure. These projects are presented in the Schedule of Completed Projects at June 30, 2018 (Attachment 1). Project savings of \$25.4 million will be returned to the applicable special funds for future appropriations. Project savings were due to various reasons: project cancellation, favorable contract pricing, increase funding from grants and contributions, and staffs effort in managing project budgets.

Table 1 contains a list of unexpended funds from project closures and savings by the original funding source. Except for the General Fund and Infrastructure and Rehabilitation Fund, the funding sources in the table are restricted and must be used for specific purposes.

Table 1
Capital Improvement Project Funding Sources

<u>Fund</u>	<u>Funding Sources</u>	<u>Project Closure Remaining Funds</u>
001	General Fund	\$5,154
010	Infrastructure and Rehabilitation Fund	509,522
111	Gas Tax Fund	828,785
112	Local Park Fees Fund	4,186,946
118	SDC - Circulation Fund	18,711,486
118	SDC – Non Circulation Fund	444,540
130	AQMD – Air Quality Management District Fund	21,799
132	Slurry Seal Surcharge Fund	145,383
154	Measure M2 - Fairshare	541,544
Subtotal: Return of Special Fund Balances		<u>\$25,395,159</u>

All funding from the project closures are recommended to be returned to their original funding sources.

Second Recommendation – Continuation of Capital Projects

This recommendation provides for the continuation of capital projects from FY 2017-18 to the new fiscal year. Projected appropriations and related funding for these projects were included in the FY 2018-19 adopted budget; however, financial policy requires the subsequent presentation of the individual projects to be continued to the following year based on actual year-end balances. The Schedule of Capital Improvement Projects (Attachment 2) includes a summary, followed by a combined list of the 123 continuing capital projects consisting of 100 City-administered projects, and 23 Orange County Great Park projects.

Third Recommendation – Open Capital Project Transfers

At year end, there remains 123 open City and Great Park capital projects to be continued to the new fiscal year. Many of the funding sources for these open capital projects are from other special funds. During the budget process, the transfers from the special funds to the CIP funds are estimated. At the close of the fiscal year, the actual CIP balances are identified and the transfer-in from the special funds must be adjusted to reflect the change from the estimated budget to the actual funding requirements to complete the open CIP projects. The changes in transfers are detailed in the Schedule of Inter-Fund Transfers and Adjustments (Attachment 3). The project budget for the open CIP projects is not affected by this recommendation.

Fourth Recommendation – Open Purchase Orders

City budget practice provides for open purchase orders and authorized encumbrance funds to be continued into the new fiscal year to complete work efforts. This recommendation requests the continuation of \$1.6 million in special fund activities not completed by June 30, 2018. Requests include:

- Information and Technology Fund - \$1.2 million for software licensing, project management services for civic rec, permit system development, and network infrastructure support for various departments.
- Insurance Fund - \$0.2 million for legal expenses for general liability claims.
- School Support Fund - \$0.2 million for the City match to the community award grants for Tustin Unified School District and Santa Ana Unified School District.
- Fleet Service Fund - \$51 thousand for a vehicle replacement, Unit 707, delayed by the manufacturer.

The schedule of Continuing Special Funds Encumbrance/Activity as of June 30, 2018 (Attachment 4) details the specific activities and amounts requested.

Fifth Recommendation – Traffic Engineering Plan Review Services

The Development Engineering Division of Public Works provides traffic plan review services associated with development activity utilizing consultant services. Due to increased traffic engineering plan review activity, additional funding of \$50 thousand (Attachment 5) is requested to maintain plan check services for the remainder of FY 2018-19. These additional services will be offset by additional development fees with no financial impact to the fund balance.

Sixth Recommendation – Landscape Maintenance Service Contracts

The Landscape Maintenance Division of Public Works is responsible for managing landscape maintenance contracts of all City parks, street medians, streetscape, and parkway areas throughout the City. All maintenance services are provided by contractors selected through competitive bidding in accordance with City Financial Policies and Procedures. These service contracts, which provide landscape maintenance services on our City's streetscape and are set to expire on December 31, 2018.

The FY 2018-19 Public Works Landscape Maintenance Division operating budget was based on current contract pricing and did not provide additional funding for the new contract pricing, seasonal duties, or extra work. Based on the newly received bid results, a budget adjustment (Attachment 6) in the amount of \$1.4 million is necessary to award these contracts and maintain existing levels of streetscape services throughout the City.

Seventh Recommendation – Community Facilities District Annual Report

Annual Reports for Community Facilities Districts 2004-1 Central Park, 2005-2 Columbus Grove, and 2013-3 Great Park are provided (Attachments 7, 8, 9). These reports surpass mandatory reporting and review requirements, and contain specific financial data as delineated in California Government Code section 53343.1, including the amount of special taxes collected, a summary of how the funds were expended, as well as the costs of associated debt and administration.

ALTERNATIVES CONSIDERED

The City Council, in the context of the annual budget, approved in concept the continuation of appropriations to FY 2018-19. Cancellation of CIP is generally not advisable as many are underway and have outstanding contractual obligations. Deferral or cancellation of non-capital project activities from the special funds may be possible on a case-by-case basis.

For the streetscape maintenance contracts, the Finance Commission could recommend the City Council reject the bids received for any or all of the six proposed contracts and direct staff to solicit new competitive bids. This alternative is also not recommended

because it would impact current service levels and negatively affect the beautification of the City's landscape.

FINANCIAL IMPACT

The closure of 30 capital projects will result in the return of \$25.4 million to the applicable special fund. In addition, \$1.6 million of unspent special funds is requested to be continued to complete the outstanding contractual commitments for special fund activities.

The additional \$50 thousand requested for traffic plan review services will be offset by additional development fees, hence no impact to the fund balance of the Development Services Fund.

The FY2018-19 Public Works Landscape Maintenance Division operating budget was based on current contract pricing and did not anticipate new contract pricing and additional seasonal work. Based on the newly received bid results, \$1.4 million is required to maintain existing streetscape service levels throughout the City. The funding is available in the Gas Tax Fund.

REPORT PREPARED BY Andrew Do, Senior Accountant

ATTACHMENTS

1. Schedule of Completed Projects at June 30, 2018
2. Schedule of Capital Improvement Projects
3. Schedule of Inter-Fund Transfers and Adjustments
4. Schedule of Continuing Special Funds Encumbrance/Activity
5. Budget Adjustment for Traffic Engineering Plan Check Review Services
6. Budget Adjustment for the Landscape Maintenance Service Contracts
7. Annual report for FY 2017-18 City of Irvine CFD 2004-1 (Central Park)
8. Annual report for FY 2017-18 City of Irvine CFD 2005-2 (Columbus Grove)
9. Annual report for FY 2017-18 City of Irvine CFD 2013-3 (Great Park)

**CITY OF IRVINE
SCHEDULED PROJECT CLOSURES AT JUNE 30, 2018
EXPENDITURES**

FUND NO.	PROJECT NO.	PROJECT DESCRIPTION	BUDGET	EXPENDITURES
250	311506	YALE AVE PAVEMENT REHAB	2,913,108.07	2,765,021.06
250	311603	MICHELSON DR PAVEMENT REHAB	200,000.00	37,401.03
250	311609	CULVER/MAIN LEFT TURN IMPROVE	384,174.06	384,174.06
250	331601	15-16 CITYWIDE TRAF SIGNAL RH	450,000.00	449,291.66
250	331602	15-16 LED SIGNAL REPLACEMENT	380,000.00	367,784.28
250	331604	15-16 SIGNAL EMRCY BACK-UP SYS	200,000.00	176,225.80
250	331607	KAZAN/WALNUT TRAFFIC SIGNAL	1,210,000.00	665,446.74
250	331608	MACGAW/ARMSTRONG TRAFFIC SIG	729,572.01	729,572.01
250	331701	TRAF SIG LED LIGHTING UPGRADE	1,010,000.00	633,758.99
250	331903	ROCKFIELD BLVD. SIG. SYNC. PROJ	20,000.00	-
250	351702	16-17 IRRIGATION CONTLER UPG	600,000.00	406,154.48
254	321180	SAND CANYON GRADE SEPARATION	31,742,548.44	31,157,578.98
254	321210	JEFFREY ROAD GRADE SEPARATION	52,361,974.98	52,179,424.00
260	341501	S.D. CRK BIKE TRAIL LIGHT IMP	181,000.00	137,346.18
260	341701	16-17 OFF-ST BIKE TRAIL REHAB	200,000.00	180,939.42
260	361501	WORKPLACE SAFETY ENHANCEMENTS	775,000.00	723,321.90
260	361609	SHADE STRUCTURES REPLACEMENT	53,331.30	53,331.30
260	361615	COMMUNITY FACILITIES ADA	555,381.08	555,381.08
260	361702	HARVARD PARK FACTY IMPROVEMENT	417,000.00	409,742.23
260	361703	BILL BARBER&HERITAGE PK IMPROV	255,564.96	255,564.96
260	361721	ADVENTURE PLAYGROUND IMPROVE	100,000.00	94,845.92
260	361733	LAKEVIEW SENIOR CENTER REHAB	747,850.00	526,700.63
260	370030	HERITAGE PARK GENERAL IMPROVEM	-	0.00
260	371503	NORTHWOOD GRATITUDE HONOR MEM	130,000.00	125,149.45
260	371506	SAN CARLO PK PG REHAB/ADA COM	300,000.00	234,745.72
260	371507	VALENCIA PK PG REHAB/ADA COM	300,000.00	255,123.13
260	381601	15-16 PARK LANDSCAPE REHAB	350,000.00	297,422.00
260	381701	16-17 PARK LANDSCAPE REHAB	500,000.00	283,808.57
260	391201	IRVINE FACLTY MASTER PLAN EVAL	610,075.00	504,232.77
286	371604	BASIN SLOP & IN/OUTLET REPAIR	570,000.00	453,053.90

Fund	Number of Proj	Fund Description	Total Expenditures
250	11	Circulation CIP	\$ 6,614,830.11
254	2	Railroad Grade Separation	\$ 83,337,002.98
260	16	Non-Circulation CIP	\$ 4,637,655.26
286	1	Great Park Development	\$ 453,053.90
	30	Total	\$ 95,042,542.25

**CITY OF IRVINE
SCHEDULE OF CAPITAL IMPROVEMENT PROJECTS**

**SUMMARY FOR PROJECT CLOSURES and EXCESS FUNDS RETURNED
FISCAL YEAR ENDED JUNE 30, 2018**

	FY 17-18 PROJECTS	BUDGET	EXPENDITURES TO 6/30/18	PROJECT BALANCE 6/30/18	PROJECT CLOSURES	SURPLUS ONGOING PROJECTS	REALLOCATIONS OR NEW FUNDING	FY 17-18 PROJECTS	PROJECT CARRYOVER
CITY PROJECTS	129 projects	\$ 300,002,480.15	\$ 148,826,521.08	\$ 151,175,959.07	29 projects \$ (3,502,116.55)	\$ (23,084,085.89)	\$ 415,025.00	100 projects	\$ 125,004,781.63
GP PROJECTS	24 projects	55,213,789.00	20,065,252.89	35,148,536.11	1 project (116,946.10)	-	-	23 projects	35,031,590.01
	153 projects	\$ 355,216,269.15	\$ 168,891,773.97	\$ 186,324,495.18	30 projects \$ (3,619,062.65)	\$ (23,084,085.89)	\$ 415,025.00	123 projects	\$ 160,036,371.64

Project Closure	3,619,062.65
Project Surplus	23,084,085.89
Project Reallocates	<u>(415,025.00)</u>
Total Funding Returned	<u>26,288,123.54</u>
Grant Funds Ineligible for Projects Due to Closure	<u>(1,307,990.33) *</u>
Return of Special Funds Balances	<u>24,980,133.21</u>

* Grant funds are awarded for specific projects. When these projects are closed unused grant funding is reverted to the granting agency.

CITY OF IRVINE
SCHEDULE OF CAPITAL IMPROVEMENT PROJECTS
DETAILED SCHEDULE OF CITY CAPITAL IMPROVEMENT PROJECT YEAR END ACTIVITY
FISCAL YEAR ENDED JUNE 30, 2018

<u>FUND</u>	<u>CIP No.</u>	<u>PROJ TITLE</u>	<u>BUDGET</u>	<u>EXPENDITURES TO 6/30/18</u>	<u>PROJ BALANCE 6/30/18</u>	<u>PROJECT CLOSURES</u>	<u>Action</u>	<u>foot note</u>	<u>SURPLUS ONGOING PROJ</u>	<u>foot note</u>	<u>REALLOCATIONS OR NEW FUNDING</u>	<u>foot note</u>	<u>ADJUSTMENTS</u>	<u>foot note</u>	<u>PROJECT CARRYOVER</u>
SLURRY SEAL SUR CHG FUND															
132	311801	17-18 SLURRY SEAL & ST REHAB	6,985,000.00	5,450,957.03	1,534,042.97										1,534,042.97
	1 projects		6,985,000.00	5,450,957.03	1,534,042.97	-			-		-		-		1,534,042.97
CAPITAL IMPROV PROJ FUND - CIR (CIP-C)															
250	311306	UNIVERSITY DRIVE WIDENING	20,796,000.00	4,399,583.63	16,396,416.37										16,396,416.37
250	311409	13-14 STORM DRAIN & SLOPE REH	200,000.00	106,539.17	93,460.83										93,460.83
250	311501	ALTON PKWY LANDSCAPE ENHANCE	390,700.00	310,342.19	80,357.81										80,357.81
250	311504	UNI/RIDGELINE INTERSECT IMP	1,066,069.74	486,012.36	580,057.38										580,057.38
250	311506	YALE AVE PAVEMENT REHAB	2,913,108.07	2,765,021.06	148,087.01	(148,087.01)	C	(1)							-
250	311509	BARRANCA PKWY PAVEMENT REHAB	295,000.00	200,060.24	94,939.76										94,939.76
250	311602	ALTON PARKWY PAVEMENT REHAB	275,000.00	213,338.75	61,661.25										61,661.25
250	311603	MICHELSON DR PAVEMENT REHAB	200,000.00	37,401.03	162,598.97	(162,598.97)	C	(2)							-
250	311604	CAMPUS DR PAVEMENT REHAB	1,500,000.00	170,672.03	1,329,327.97										1,329,327.97
250	311607	15-16 STORM DR REH/SLOPE MAINT	200,000.00	97,361.32	102,638.68										102,638.68
250	311609	CULVER/MAIN LEFT TURN IMPROVE	384,174.06	384,174.06	-										-
250	311612	HARVARD AV ROADWYS/SCAPE REHAB	1,480,000.00	1,093,829.73	386,170.27						(368,170.27)				18,000.00
250	311615	JAMBOREE WIDENING	20,481,030.00	1,619,581.87	18,861,448.13						(18,252,186.00)				609,262.13
250	311802	JAMBOREE REHAB (MICHELLE - RR)	250,000.00	58,156.46	191,843.54										191,843.54
250	311803	UNI WIDENING (RIDGELINE-I/405)	650,000.00	192,345.27	457,654.73										457,654.73
250	317090	JAMBOREE RD/I-5 RAMPS	14,043,395.00	13,526,011.44	517,383.56										517,383.56
250	331402	BARRANCA PWY SIGNAL SYNCHRO	2,683,043.00	1,888,408.27	794,634.73										794,634.73
250	331403	ALTON PWY SIGNAL SYNCHRO	1,561,746.00	1,286,932.18	274,813.82										274,813.82
250	331501	PASEO/WARNER TRAF SIG UPGRADE	524,800.00	481,478.04	43,321.96										43,321.96
250	331506	BAKE PKWY SIG SYNCHRONIZATION	116,646.00	106,680.14	9,965.86										9,965.86
250	331601	15-16 CITYWIDE TRAF SIGNAL RH	450,000.00	449,291.66	708.34	(708.34)	C	(6)							-
250	331602	15-16 LED SIGNAL REPLACEMENT	380,000.00	367,784.28	12,215.72	(12,215.72)	C	(7)							-
250	331604	15-16 SIGNAL EMRCY BACK-UP SYS	200,000.00	176,225.80	23,774.20	(23,774.20)	C	(8)							-
250	331607	KAZAN/WALNUT TRAFFIC SIGNAL	1,210,000.00	665,446.74	544,553.26	(544,553.26)	C	(9)							-
250	331608	MACGAW/ARMSTRONG TRAFFIC SIG	729,572.01	729,572.01	-										-
250	331701	TRAF SIG LED LIGHTING UPGRADE	1,010,000.00	633,758.99	376,241.01	(376,241.01)	C	(11)							-
250	331702	ICD/EDINGER AVE SIGNAL SYNCH	2,297,330.00	310,087.67	1,987,242.33										1,987,242.33
250	331703	VON KARMAN/TUSTIN R RD SIG SYN	1,800,000.00	193,079.53	1,606,920.47										1,606,920.47
250	331704	PROTECT/PERMIS LEFT-TURN PHASE	2,500,000.00	140,849.33	2,359,150.67										2,359,150.67
250	331801	IRVINE BLVD SIG SYNCHRO PROJ	472,715.00	224,648.93	248,066.07										248,066.07
250	331802	TRABUCO/REMINGTON TRAFFIC SIG	675,000.00	85,740.45	589,259.55										589,259.55
250	331803	TRAF SIG VEH&BICYCLE DETECTION	520,000.00	45,537.82	474,462.18										474,462.18
250	331903	ROCKFIELD BLVD. SIG. SYNC. PROJ	20,000.00	-	20,000.00	(20,000.00)	C	(12)							-
250	351501	14-15 STREETScape REHAB	1,100,000.00	104,012.33	995,987.67										995,987.67
250	351601	15-16 STREETScape REHAB	1,100,000.00	102,863.10	997,136.90										997,136.90
250	351701	16-17 STREETScape REHAB	500,000.00	807.71	499,192.29										499,192.29
250	351702	16-17 IRRIGATION CONTLER UPG	600,000.00	406,154.48	193,845.52	(193,845.52)	C	(13)							-
	37 projects		85,575,328.88	34,059,790.07	51,515,538.81	(1,482,024.03)			(18,620,356.27)		-		-		31,413,158.51
RAILROAD GRADE SEPARATION															
254	321180	SAND CANYON GRADE SEPARATION	31,742,548.44	31,157,578.98	584,969.46	(999,994.46)	C	(14)			415,025.00				-
254	321210	JEFFREY ROAD GRADE SEPARATION	52,361,974.98	52,179,424.00	182,550.98	(182,550.98)	C	(15)							-
	2 projects		84,104,523.42	83,337,002.98	767,520.44	(1,182,545.44)			-		415,025.00		-		-
CAPITAL IMPROV PROJ FUND-NON CIR (CIP-NC)															
260	321201	KELVIN PEDESTRIAN BRIDGE	755,203.47	181,383.09	573,820.38										573,820.38
260	321701	VENTA SPUR/SR-133 BIKE BRIDGE	500,000.00	32,669.88	467,330.12										467,330.12
260	341202	WAYFINDING SIGNAGE TRAIL	105,000.00	48,417.02	56,582.98										56,582.98
260	341302	FW TRAIL LIGHTING/SD CR-CULVER	878,000.00	554,183.91	323,816.09										323,816.09
260	341303	PETER CNYON LIGHTING/WALNUT-RR	878,000.00	95,431.68	782,568.32										782,568.32
260	341501	S.D. CRK BIKE TRAIL LIGHT IMP	181,000.00	137,346.18	43,653.82	(43,653.82)	C	(16)							-
260	341502	JOST-I-5 BIKE/PED BRIDGE	1,700,005.00	451,969.32	1,248,035.68										1,248,035.68
260	341701	16-17 OFF-ST BIKE TRAIL REHAB	200,000.00	180,939.42	19,060.58	(19,060.58)	C	(17)							-
260	361303	TURTLE ROCK PARK PG RENOVATION	114,700.00	13,823.20	100,876.80										100,876.80
260	361304	MIKE WARD COMMUNITY PARK	870,000.00	58,971.59	811,028.41						(90,000.00)				721,028.41
260	361401	DEERFIELD COMM CTR MODERNIZATN	500,000.00	-	500,000.00										500,000.00
260	361402	HARVARD COMM CTR MODERNIZATION	500,000.00	-	500,000.00										500,000.00
260	361404	HICKS CANYON COMMUNITY CENTER	2,600,000.00	-	2,600,000.00						(880,000.00)				1,720,000.00
260	361501	WORKPLACE SAFETY ENHANCEMENTS	775,000.00	723,321.90	51,678.10	(51,678.10)	C	(20)							-
260	361601	CIVIC CTR 3RD FL SERVER RM UPG	172,500.00	5,201.50	167,298.50										167,298.50
260	361602	15-16 ADA FACILITY IMPROVEMNT	620,000.00	283,738.10	336,261.90						(334,408.88)				1,853.02

CITY OF IRVINE
SCHEDULE OF CAPITAL IMPROVEMENT PROJECTS
DETAILED SCHEDULE OF CITY CAPITAL IMPROVEMENT PROJECT YEAR END ACTIVITY
FISCAL YEAR ENDED JUNE 30, 2018

FUND	CIP No.	PROJ TITLE	BUDGET	EXPENDITURES TO 6/30/18	PROJ BALANCE 6/30/18	PROJECT CLOSURES	Action	foot note	SURPLUS ONGOING PROJ	foot note	REALLOCATIONS OR NEW FUNDING	foot note	ADJUSTMENTS	foot note	PROJECT CARRYOVER
260	361603	15-16 CP EXTERIOR WOOD SIDING	200,000.00	59.28	199,940.72										199,940.72
260	361604	15-16 FENCING REPLACEMENTS	200,000.00	182,732.83	17,267.17										17,267.17
260	361606	15-16 CP INTERIOR/FIXTURE REHA	500,000.00	250,914.80	249,085.20										249,085.20
260	361609	SHADE STRUCTURES REPLACEMENT	53,331.30	53,331.30	-		C	(22)							-
260	361615	COMMUNITY FACILITIES ADA	555,381.08	555,381.08	-		C	(23)							-
260	361618	HERITAGE PARK IMPROVEMENT	2,621,362.00	145,265.49	2,476,096.51										2,476,096.51
260	361701	CITYWIDE MONUMENT SIGN ASSMNT	150,000.00	159.62	149,840.38										149,840.38
260	361702	HARVARD PARK FACTY IMPROVEMENT	417,000.00	409,742.23	7,257.77	(7,257.77)	C	(24)							-
260	361703	BILL BARBER&HERITAGE PK IMPROV	255,564.96	255,564.96	-		C	(25)							-
260	361704	CC CHAMBERS/CTC LIGHTING	85,000.00	57,812.32	27,187.68										27,187.68
260	361705	16-17 ADA FACILITY IMPROVEMENT	250,000.00	28,025.18	221,974.82										221,974.82
260	361707	16-17 BUILDING SAFETY UPGRADES	200,000.00	38,410.67	161,589.33										161,589.33
260	361708	16-17 HVAC & REFRIGERATION RH	585,000.00	232,106.61	352,893.39										352,893.39
260	361709	16-17 INT/FIXTURES REHAB	460,000.00	54,383.19	405,616.81										405,616.81
260	361711	16-17 LIGHT POLE REPLACEMENTS	80,000.00	39,479.38	40,520.62										40,520.62
260	361714	16-17 ELECTRICAL UPGRADES	200,000.00	11,932.50	188,067.50										188,067.50
260	361715	WOOLLETT AQUATICS REHAB	230,000.00	216,880.61	13,119.39										13,119.39
260	361716	NORTHWOOD AQUATIC CTR REHAB	280,000.00	15,970.90	264,029.10										264,029.10
260	361717	CIVIC CENTER SPACE STUDY	250,000.00	99,989.60	150,010.40										150,010.40
260	361718	ANIMAL CARE CTR IMP&EXPAN DES	2,350,000.00	-	2,350,000.00										2,350,000.00
260	361719	TRABUCO CTR EXPANSION DESIGN	200,000.00	2,338.78	197,661.22										197,661.22
260	361721	ADVENTURE PLAYGROUND IMPROVE	100,000.00	94,845.92	5,154.08	(5,154.08)	C	(26)							-
260	361733	LAKEVIEW SENIOR CENTER REHAB	747,850.00	526,700.63	221,149.37	(221,149.37)	C	(27)							-
260	361801	17-18 ATHLETIC COURT RESURFACE	80,000.00	35.92	79,964.08										79,964.08
260	361803	CIVIC CENTER OFFICE RELOCATION	2,000,000.00	18,323.64	1,981,676.36										1,981,676.36
260	361804	CIVIC CENTER TENANT IMPROVE	500,000.00	12,959.96	487,040.04										487,040.04
260	361805	CULVER UNDERCROSS PUMP REPLACE	300,000.00	44,286.00	255,714.00										255,714.00
260	361806	IRVINE STATION - PAINTING	630,000.00	-	630,000.00										630,000.00
260	361807	17-18 PARKING LOTS REHAB	300,000.00	238,452.43	61,547.57		T	(28)	(59,320.74)						2,226.83
260	361808	17-18 ROOF REPLACEMENTS	450,000.00	7,023.17	442,976.83										442,976.83
260	361809	WOOLLETT AQUATICS CTR REMODEL	245,000.00	93,501.37	151,498.63										151,498.63
260	361811	CC CHAMBER AUD/VIDEO UPGRADES	3,852,000.00	96,870.90	3,755,129.10										3,755,129.10
260	361813	17-18 COMMUNITY FAC ADA	481,899.00	-	481,899.00										481,899.00
260	366000	QUAIL HILL COMMUNITY CENTER	11,758,630.70	10,394,558.46	1,364,072.24										1,364,072.24
260	370030	HERITAGE PARK GENERAL IMPROVEM	-	(0.00)	-		C	(29)							-
260	371301	JOST - BARRANCA TO I-5	2,250,000.00	490,749.65	1,759,250.35										1,759,250.35
260	371302	IBC NEIGHBORHOOD PARK 1	4,100,000.00	-	4,100,000.00										4,100,000.00
260	371303	PLAZA NP PLAYGROUND&ADA REHAB	694,096.34	41,065.90	653,030.44										653,030.44
260	371401	OAK CREEK TURF AREA/PRAC FIELD	500,000.00	-	500,000.00										500,000.00
260	371503	NORTHWOOD GRATITUDE HONOR MEM	130,000.00	125,149.45	4,850.55	(4,850.55)	C	(30)							-
260	371506	SAN CARLO PK PG REHAB/ADA COM	300,000.00	234,745.72	65,254.28	(65,254.28)	C	(31)							-
260	371507	VALENCIA PK PG REHAB/ADA COM	300,000.00	255,123.13	44,876.87	(44,876.87)	C	(32)							-
260	371801	BOMMER CANYON MASTER PLAN	180,000.00	137,819.22	42,180.78										42,180.78
260	371803	TURTLE ROCK PARK - DRAIN STUDY	100,000.00	33,080.53	66,919.47										66,919.47
260	378030	OAK CREEK COMM PARK-PHASE II	6,625,000.00	841,477.58	5,783,522.42		T	(33)	(3,100,000.00)						2,683,522.42
260	381601	15-16 PARK LANDSCAPE REHAB	350,000.00	297,422.00	52,578.00	(52,578.00)	C	(34)							-
260	381701	16-17 PARK LANDSCAPE REHAB	500,000.00	283,808.57	216,191.43	(216,191.43)	C	(35)							-
260	391201	IRVINE FACLTY MASTER PLAN EVAL	610,075.00	504,232.77	105,842.23	(105,842.23)	C	(36)							-
260	391401	ALTERNATIVE TRANSPORT IMPROVNT	350,000.00	153,084.86	196,915.14										196,915.14
65 projects			59,906,598.85	20,343,195.90	39,563,402.95	(837,547.08)			(4,463,729.62)		-		-		34,262,126.25
COLONEL BILL BARBER MARINE CORP PARK															
262	361802	BILL BARBER SHADE STRUCTURE	175,000.00	-	175,000.00										175,000.00
262	381660	COL BILL BARBER PARK-BLDGS	2,360,171.00	594,602.64	1,765,568.36										1,765,568.36
2 projects			2,535,171.00	594,602.64	1,940,568.36	-			-		-		-		1,940,568.36
NORTH IRVINE TRANSPORTATION MITIGATION (NITM)															
270	311406	JEFFREY/ALTON INTER IMPROVMENT	2,931,307.00	222,482.32	2,708,824.68										2,708,824.68
270	311407	SAND/OAK CANYON INTER IMPROVNT	61,000.00	-	61,000.00										61,000.00
270	311611	JEFFREY/ICD INT IMPROVEMENTS	1,007,000.00	200,463.21	806,536.79										806,536.79
270	314210	BAKE AND JERONIMO	1,637,130.00	8,641.66	1,628,488.34										1,628,488.34
270	314240	JEFFREY & WALNUT	2,194,000.00	440,747.70	1,753,252.30										1,753,252.30
270	316020	TRABUCO RD/E TRNSPTN CORRIDOR	4,846,629.00	371,215.36	4,475,413.64										4,475,413.64
270	316040	LK FRST&AVE DE CARLOTA/IS SB	853,000.00	-	853,000.00										853,000.00
270	316050	ALTON/IS SOUTHBOUND RAMPS	257,329.00	55.72	257,273.28										257,273.28

CITY OF IRVINE
SCHEDULE OF CAPITAL IMPROVEMENT PROJECTS
DETAILED SCHEDULE OF CITY CAPITAL IMPROVEMENT PROJECT YEAR END ACTIVITY
FISCAL YEAR ENDED JUNE 30, 2018

<u>FUND</u>	<u>CIP No.</u>	<u>PROJ TITLE</u>	<u>BUDGET</u>	<u>EXPENDITURES TO 6/30/18</u>	<u>PROJ BALANCE 6/30/18</u>	<u>PROJECT CLOSURES</u>	<u>Action</u>	<u>foot note</u>	<u>SURPLUS ONGOING PROJ</u>	<u>foot note</u>	<u>REALLOCATIONS OR NEW FUNDING</u>	<u>foot note</u>	<u>ADJUSTMENTS</u>	<u>foot note</u>	<u>PROJECT CARRYOVER</u>
270	316060	JAMBOREE & I5 NORTHBOUND RAMPS	110,809.00	-	110,809.00										110,809.00
270	316070	JAMBOREE & I5 SOUTHBOUND RAMPS	51,838.00	-	51,838.00										51,838.00
270	316080	JAMBOREE/IRVINE INTERSECTION	138,000.00	-	138,000.00										138,000.00
270	316100	TMSOS LAKE FOREST DR/I5 SB RMP	272,000.00	-	272,000.00										272,000.00
270	317020	BAKE PKWY/IRVINE (PHYS.IMPRV.)	783,000.00	1,557.77	781,442.23										781,442.23
270	318030	CULVER/UNIVERSITY	5,158,600.00	1,166,990.99	3,991,609.01										3,991,609.01
270	318070	I-405 AT IRVINE CENTER DRIVE	119,102.00	-	119,102.00										119,102.00
270	318080	I-5 AT BAKE PKWY (SB OFF-RAMP)	116,188.00	-	116,188.00										116,188.00
270	318090	I-5 AT SAND CANYON NB ON-RAMP	38,405.00	-	38,405.00										38,405.00
270	338020	RED HILL & IRVINE ATMS	356,185.00	177,848.66	178,336.34										178,336.34
18 projects			20,931,522.00	2,590,003.39	18,341,518.61	-			-		-		-		18,341,518.61
IRVINE BUSINESS COMPLEX															
271	311205	JAMBOREE/MAIN INTERS IMP	10,684,110.00	1,017,794.05	9,666,315.95										9,666,315.95
271	311206	JAMBOREE/BARRANCA INTERS IMP	6,569,566.00	607,130.18	5,962,435.82										5,962,435.82
271	311402	IBC SIDEWALK IMPROVEMENT	2,710,660.00	752,313.37	1,958,346.63										1,958,346.63
271	321601	JAMBOREE/MICHELSON PED BRIDGE	20,000,000.00	73,731.47	19,926,268.53										19,926,268.53
4 projects			39,964,336.00	2,450,969.07	37,513,366.93	-			-		-		-		37,513,366.93
Total	#####	TOTAL CITY PROJECTS	300,002,480.15	148,826,521.08	151,175,959.07	(3,502,116.55)			(23,084,085.89)		415,025.00		-		125,004,781.63

29 projects C - CLOSED CITY PROJECTS

Count of ongoing City projects:

129 projects total City projects in report

-29 projects less City project closures

100 projects Total open City projects in report

CITY OF IRVINE
SCHEDULE OF CAPITAL IMPROVEMENT PROJECTS
DETAILED SCHEDULE OF GREAT PARK CAPITAL IMPROVEMENT PROJECT YEAR END ACTIVITY
FISCAL YEAR ENDED JUNE 30, 2018

FUND	CIP No.	PROJ TITLE	BUDGET	EXPENDITURES TO 6/30/18	PROJ BALANCE 6/30/2018	PROJECT CLOSURES	foot Action	foot note	SURPLUS ONGOING PROJ	foot note	REALLOCATIONS OR NEW FUNDING	foot note	PROJECT CARRYOVER
GREAT PARK DEVELOPMENT													
286	311613	C ST & 8TH ST IMPROVEMENTS	9,075,000.00	654,743.17	8,420,256.83								8,420,256.83
286	311616	G STREET CONSTRUCTION	2,727,181.00	988,638.55	1,738,542.45								1,738,542.45
286	351603	RIDGE VLY/MARINE WAY LNDSCAPE	750,000.00	31,753.57	718,246.43								718,246.43
286	361612	SITE UTILITY INFRASTRUCTURE	1,850,000.00	620,486.73	1,229,513.27								1,229,513.27
286	361613	GP W. SECTOR RESTROOMS - S. FL	690,000.00	52,550.20	637,449.80								637,449.80
286	361616	SPORTS PARK SUBAREA IMPROVEMNT	5,366,665.00	4,532,328.40	834,336.60								834,336.60
286	361722	OPERATIONS TRAILER RELOCATION	575,000.00	-	575,000.00								575,000.00
286	361723	WESTERN SECTOR SECURITY EQUIP	1,791,501.00	12,903.19	1,778,597.81								1,778,597.81
286	361724	FARM&FOOD LAB DES & RELOCATION	1,333,000.00	88,342.79	1,244,657.21								1,244,657.21
286	361725	HANGAR 244 N HARDSCAPE REPLACE	341,000.00	-	341,000.00								341,000.00
286	361726	PARK-WIDE SIGNAGE & WAYFINDING	1,600,000.00	7,922.42	1,592,077.58								1,592,077.58
286	361727	PARK SECURITY TECHNOLOGY	609,500.00	323,892.98	285,607.02								285,607.02
286	361728	VISITOR'S CTR PLAZA REFURBISH	3,522,800.00	50,205.30	3,472,594.70								3,472,594.70
286	361729	PARK ADMINISTRATION BUILDING	1,656,415.00	19,830.00	1,636,585.00								1,636,585.00
286	361731	PARK MAINTENANCE FACLTY ENLARG	3,675,195.00	-	3,675,195.00								3,675,195.00
286	361732	PARK UTILITY CONNECTION FEES	10,780,532.00	9,917,681.50	862,850.50								862,850.50
286	361812	WILD RIVERS PARKING LOT CONST	500,000.00	-	500,000.00								500,000.00
286	371501	HERITAGE FLD /(JBI) ENVIR REM	380,000.00	313,511.61	66,488.39								66,488.39
286	371502	GP ENVIRONMENTAL REMEDIATION	2,000,000.00	1,581,910.39	418,089.61								418,089.61
286	371604	BASIN SLOP & IN/OUTLET REPAIR	570,000.00	453,053.90	116,946.10	(116,946.10)	C	(37)					-
286	371802	KIDS ROCK PLAYGROUND REHAB	120,000.00	-	120,000.00								120,000.00
286	371804	WATER QUALITY ENHANCEMENT	330,000.00	15,119.48	314,880.52								314,880.52
286	381702	WESTERN SECTOR EDGE LNDSCAPE	4,375,000.00	101,764.89	4,273,235.11								4,273,235.11
286	381703	SOUTH LAWN PUMP STATION ENCLOS	595,000.00	298,613.82	296,386.18								296,386.18
			<u>55,213,789.00</u>	<u>20,065,252.89</u>	<u>35,148,536.11</u>	<u>(116,946.10)</u>			<u>-</u>		<u>-</u>		<u>35,031,590.01</u>
Total	24 projects	TOTAL GP PROJECTS	55,213,789.00	20,065,252.89	35,148,536.11	(116,946.10)			-		-		35,031,590.01

1 projects C - CLOSED GP PROJECTS

Count of ongoing Great Park projects:

24 projects total GP projects in report

-1 projects less GP project closures

23 projects Total open GP projects in report

CITY OF IRVINE
SCHEDULE OF CAPITAL IMPROVEMENT PROJECTS
FOOTNOTES TO THE CAPITAL IMPROVEMENT PROJECT YEAR-END ACTIVITY
FISCAL YEAR ENDED JUNE 30, 2018

Footnotes

- (1) Project is complete. Return \$145,383 to Slurry Seal Surcharge fund balance and \$2,704.01 Measure M2 Fairshare fund balance.
- (2) Project was cancelled. Pavement work was included in CIP 311801 17-18 Slurry Seal & Street Rehabilitation. Return \$162,598.97 to Measure M2 Fairshare fund balance.
- (3) Project is complete.
- (4) Final closed out in process. Return \$368,170.27 to Gas Tax fund balance.
- (5) Project design is complete. Return \$18,252,186 to SDC Circ fund balance.
- (6) Project is complete. Return \$708.34 to SDC Circ fund balance.
- (7) Project is complete. Return \$12,215.72 to Gas Tax fund balance.
- (8) Project is complete. Return \$23,774.20 to SDC Circ fund balance.
- (9) Project is complete. Return \$254,553.26 to Infrastructure & Rehabilitation fund balance and \$290,000 to SDC Circ fund balance.
- (10) Project is complete.
- (11) Project is complete. Return \$376,241.01 to Measure M2 Fairshare fund balance.
- (12) The City of Lake Forest, as the project's lead agency, will not be proceeding with this project. Return \$20,000 to SDC Circ fund balance.
- (13) Project is complete. Return \$193,845.52 to Gas Tax fund balance.
- (14) Project is complete. Final closeout addresses unaccounted pass-through of funds from Irvine Ranch Water District (IRWD) to Orange County Transportation Authority (OCTA). Utilize unallocated interest earnings of \$415,025 and reduce OCTA revenue funding by \$999,994 to close project.
- (15) Project is complete. Release \$57,733.51 in Regional Surface Transportation Program (RSTP) Federal grant funds and return \$124,817.47 to SDC Circ fund balance.
- (16) Project is complete. Release \$21,855.22 in Mobil Source Air Pollution Reduction Review Committee (MSRC) State grant funds and return \$21,798.60 to AQMD fund balance.
- (17) Project is complete. Return \$19,060.58 to Infrastructure & Rehabilitation fund balance.
- (18) Decrease Local Park Fees revenue fund by \$90,000 to fund Ryan Lemmon Stadium Improvements, CIP 361914 .
- (19) Decrease Local Park Fees revenue fund by \$880,000 to fund Hicks Canyon Community Park Improvement, CIP 361902.
- (20) Project is complete. Return \$51,678.10 to Infrastructure & Rehabilitation fund balance.
- (21) Construction is complete. Return \$334,408.88 to SDC Non-Circ fund balance.
- (22) Project is complete.
- (23) Project is complete.
- (24) Project is complete. Release \$7,257.77 in Housing-Related Parks Program (RPP) State grant funds.
- (25) Project is complete.
- (26) Project is complete. Return \$5,154.08 to General Fund fund balance.
- (27) Project is complete. Release \$221,149.37 to Community Development Block Grant (CDBG) Federal grant.
- (28) Construction is complete. Return \$59,320.74 to Infrastructure & Rehabilitation fund balance.
- (29) Project is complete.
- (30) Project is complete. Return \$4,850.55 to Infrastructure & Rehabilitation fund balance.
- (31) Project is complete. Return \$65,254.28 to SDC Non-Circ fund balance.
- (32) Project is complete. Return \$44,876.87 to SDC Non-Circ fund balance.
- (33) Decrease Local Park Fees revenue fund by \$3,100,000 to fund Oak Creek Community Park Improvements, CIP 361904.
- (34) Project is complete. Return \$52,578 to Infrastructure & Rehabilitation fund balance.
- (35) Project is complete. Return \$216,191.43 to Infrastructure & Rehabilitation fund balance.
- (36) Project is complete. Return \$105,842.23 to Infrastructure & Rehabilitation fund balance.
- (37) Project is complete. Return \$116,946.10 to Local Park Fees fund balance.

CITY OF IRVINE
SCHEDULE OF INTER-FUND TRANSFERS ADJUSTMENTS
FOR FISCAL YEAR 2018-19

FUND	ACCOUNT NUMBER	UNSPENT APPROPRIATIONS AS OF 6/30/2018	FY 18-19 ADOPTED BUDGET TRANSFERS	FY 18-19 ADJUSTMENT INCREASE (DECREASE)	NET FY 18-19 TRANSFER ADJ INCREASE (DECREASE)
GENERAL FUND - FUND 001					
260	55915915998001	5,154.08	0.00	5,154.08	
001	01915915997260	5,154.08	0.00	5,154.08	5,154.08
INFRASTRUCTURE AND REHABILITATION FUND - FUND 010					
010	10915915998250	891,697.40	811,924.00	79,773.40	
250	52915915997010	891,697.40	811,924.00	79,773.40	
010	10915915998260	6,190,955.12	5,888,414.00	302,541.12	
260	55915915997010	6,190,955.12	5,888,414.00	302,541.12	382,314.52
RMRA FUND - FUND 107					
107	37915915998132	489,292.91	0.00	489,292.91	
132	32915915997107	489,292.91	0.00	489,292.91	489,292.91
GAS TAX FUND - FUND 111					
111	17915915998132	1,411,854.00	1,477,255.00	(65,401.00)	
132	32915915997111	1,411,854.00	1,477,255.00	(65,401.00)	
111	17915915998250	5,870,086.46	6,287,063.00	(416,976.54)	
250	52915915997111	5,870,086.46	6,287,063.00	(416,976.54)	(482,377.54)
LOCAL PARK FEE (QUIMBY) FUND - FUND 112					
112	18915915018260	9,959,742.58	10,041,758.00	(82,015.42)	
260	55915915997112	9,959,742.58	10,041,758.00	(82,015.42)	
112	18915915028262	4,560,068.36	4,560,068.00	0.36	
262	56915915997112	4,560,068.36	4,560,068.00	0.36	
112	18915915168286	28,303,055.91	19,069,032.31	9,234,023.60	
286	31915915997112	28,303,055.91	19,069,032.31	9,234,023.60	9,152,008.54
SYSTEM DEVELOPMENT CONTROL (SDC) FUND - FUND 118 (TRANSFER-OUT)					
118	22915915018250	0.00	4,374,657.00	(4,374,657.00)	
250	55915915997118	0.00	4,374,657.00	(4,374,657.00)	
118	22915915028260	23,909,621.97	24,354,162.00	(444,540.03)	
260	55915915997118	23,909,621.97	24,354,162.00	(444,540.03)	(4,819,197.03)
SYSTEM DEVELOPMENT CONTROL (SDC) FUND - FUND 118 (TRANSFER-IN)					
250	52915915998118	14,212,011.54	0.00	14,212,011.54	
118	22915915017250	14,212,011.54	0.00	14,212,011.54	
254	54915915998118	124,817.47	0.00	124,817.47	
118	22915915017254	124,817.47	0.00	124,817.47	14,336,829.01

CITY OF IRVINE
SCHEDULE OF INTER-FUND TRANSFERS ADJUSTMENTS
FOR FISCAL YEAR 2018-19

FUND	ACCOUNT NUMBER	UNSPENT APPROPRIATIONS AS OF 6/30/2018	FY 18-19 ADOPTED BUDGET TRANSFERS	FY 18-19 ADJUSTMENT INCREASE (DECREASE)	NET FY 18-19 TRANSFER ADJ INCREASE (DECREASE)
AIR QUALITY IMPROVEMENT FUND - FUND 130					
130	30915915998260	307,078.14	326,953.00	(19,874.86)	
260	55915915997130	307,078.14	326,953.00	(19,874.86)	(19,874.86)
RENEWED MEASURE M2 FAIRSHARE FUND - FUND 154					
154	39915915998250	4,671,241.06	4,051,491.00	619,750.06	
132	32915915997154	4,671,241.06	4,051,491.00	619,750.06	
154	39915915998250	140,937.45	420,177.00	(279,239.55)	
250	52915915997154	140,937.45	420,177.00	(279,239.55)	340,510.51
STRATEGIC TECHNOLOGY PLAN FUND - FUND 579					
579	89915915998260	27,187.68	0.00	27,187.68	
260	55915915997574	27,187.68	0.00	27,187.68	27,187.68
CIVIC CENTER MAINTENANCE & OPERATION FUND - FUND 580					
580	86915915998260	81,798.50	60,217.00	21,581.50	
260	55915915997580	81,798.50	60,217.00	21,581.50	21,581.50
Total Transfers					\$ 19,433,429.32

CITY OF IRVINE
SCHEDULE OF CONTINUING SPECIAL FUNDS ENCUMBRANCE/ACTIVITY
AS OF JUNE 30, 2018

<u>FUND</u>	<u>ACCOUNT NO. (GL)</u>	<u>DESCRIPTION</u>	<u>APPROPRIATIONS</u>
SCHOOL SUPPORT FUND - FUND 007			
007	07020008264173	CHALLENGE MATCH GRANT (COMMUNITY AWARDS) TUSD	162,150.00
007	07020005274173	CHALLENGE MATCH GRANT (COMMUNITY AWARDS) SAUSD	1,700.00
TOTAL SCHOOL SUPPORT FUND			163,850.00
INSURANCE FUND - FUND 570			
570	82162914994726	LEGAL EXPENSES ASSOCIATED WITH THE DEFENSE OF GENERAL LIABILITY CLAIMS	185,451.00
TOTAL INSURANCE FUND			185,451.00
FLEET SERVICE FUND - FUND 574			
574	85561165994660	REPLACEMENT VEHICLE FOR UNIT 707	51,660.00
TOTAL FLEET SERVICE FUND			51,660.00
STRATEGIC TECHNOLOGY PLAN FUND - FUND 579			
579	89113108904310	DATA MIGRATION SERVICES	2,000.00
579	89113108904804	STREAMING SERVICES	5,668.96
579	89113108914323	UPGRADES FOR VTI	9,987.50
579	89113108924323	CENTRALIZED DATABASE FOR CD	15,374.01
579	89113108924323	VOYAGER IMPLEMENTATION AND TRAINING	16,000.00
579	89113108924806	ACTIVE REVIEW MAINTENANCE	45,000.00
579	89113108934323	PROJECT MANAGEMENT SERVICES FOR CIVIC REC	105,562.50
579	89113108934323	SERVICES FOR CLIENTTRACK APPLICATION (CS)	18,000.00
579	89113108954323	CONVERT MAINTENANCE CONNECITON TO LUCITY	40,000.00
579	89113108994310	WEBSITE SUPPORT	11,562.50
579	89113108994310	ONSITE NETWORK SUPPORT	20,743.02
579	89113108994310	NETWORK STAFF SUPPORT SERVICES	25,583.03
579	89113108994310	PERMITTING RFP DEVELOPMENT	97,000.00
579	89113108994310	NETWORK REFRESH SUPPORT	21,206.01
579	89113108994806	MICROSOFT ENTERPRISE SOFTWARE LICENSE	689,855.40
579	89113164994310	FIBER BACKBONE INSTALLATION FOR CITY HALL	41,926.33
579	89113164994310	WIFI PROJECTS	10,224.42
TOTAL STRATEGIC TECHNOLOGY PLAN FUND			1,175,693.68
SPECIAL FUNDS CARRYOVER REQUEST			\$ 1,576,654.68



CITY OF IRVINE BUDGET ADJUSTMENT REQUEST FORM

Department: Public Works
Requestor: Steve Sherwood

Finance Comm. Date: November 5, 2018
City Council Date: November 27, 2018

Approval Exception (A - O): O
(see Financial Policies - Budget Adjustment)

<i>Finance Use Only - Batch Record Number</i>	
GL	
JL	
Posting Date	
Posted by	/date

Reason Code: 0007 Adjust Revenue Estimates

Explanation for Request:

Due to increased traffic engineering plan review activity, additional funding of \$50,000 is requested to maintain plan check services for the remainder of Fiscal Year 2018-19 and to be offset by \$50,000 in plan check processing fees.

Approvals:

Department Approval	Date	Budget Office Approval	Date
Fiscal Services Approval	Date	City Manager Approval	Date

REVENUES AND TRANSFERS-IN

		Account Number			Amount
		GL		JL	
Fund #	Org Key	Object Code	Job Key	Object Code	Increase or (Decrease)
005	05 553 564 99	3341			50,000
Subtotal					50,000

EXPENDITURES AND TRANSFERS-OUT

		Account Number			Amount
		GL		JL	
Fund #	Org Key	Object Code	Job Key	Object Code	Increase or (Decrease)
005	05 533 564 99	4310	7195533001	4310	50,000
Subtotal					50,000

CHANGE TO FUND BALANCE

		Account Number			Amount
		GL		JL	
Fund #	Org Key	Object Code	Job Key	Object Code	Increase or (Decrease)
Subtotal					0

No Change in Fund Balance



CITY OF IRVINE BUDGET ADJUSTMENT REQUEST FORM

Department: Public Works
Requestor: Dennis Chiotti

Finance Comm. Date: November 5, 2018
City Council Date: November 27, 2018

Approval Exception (A - O): O
(see Financial Policies - Budget Adjustment)

Finance Use Only - Batch Record Number	
GL	_____
JL	_____
Posting Date	_____
Posted by	_____/date

Reason Code: 0011 Appropriate Fund Balance

Explanation for Request:

Appropriate \$1,441,265 of unallocated Gas Tax fund balance for landscape maintenance contracts to maintain existing levels for streetscape services citywide.

Approvals:

Department Approval _____ Date _____

Budget Office Approval _____ Date _____

Fiscal Services Approval _____ Date _____

City Manager Approval _____ Date _____

REVENUES AND TRANSFERS-IN

Account Number					Amount
Fund #	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
Subtotal					0

EXPENDITURES AND TRANSFERS-OUT

Account Number					Amount
Fund #	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
111	17 571 649 99	4315	7195571013	4315	1,441,265
Subtotal					1,441,265

CHANGE TO FUND BALANCE

Account Number					Amount
Fund #	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
111	17 000 000 99	2001			(1,441,265)
Subtotal					(1,441,265)

Fund Balance Entry Required

Annual Report
Fiscal Year 2017-2018

City of Irvine
Community Facilities District
No. 2004-1
(Central Park)

October 9, 2018

Public Finance
Public Private Partnerships
Urban Economics
Clean Energy Bonds

Newport Beach San
Francisco San Jose
Riverside
Dallas

ANNUAL REPORT – GOVERNMENT CODE SECTION 53343.1

In accordance with the requirements of Government Code Section 53343.1:

A community facilities district formed after January 1, 1992, shall prepare, if requested by a person who resides in or owns property in the district, within 120 days after the last day of each fiscal year, a separate document titled an "Annual Report." The district may charge a fee for the report not exceeding the actual costs of preparing the report. The report shall include the following information for the fiscal year:

(a) The amount of special taxes collected for the year.

DESCRIPTION	FISCAL YEAR 2017-2018 SPECIAL TAX COLLECTION
CFD No. 2004-1 (Central Park)	\$1,334,963

(b) The amount of other moneys collected for the year and their source, including interest earned.

DESCRIPTION	FISCAL YEAR 2017-2018 OTHER AMOUNTS COLLECTED ^[1]	FISCAL YEAR 2017-2018 INTEREST EARNED AS OF JUNE 30, 2018
CFD No. 2004-1 (Central Park)	\$3,802	\$100,937

[1] Orange County apportioned special tax delinquency and penalty revenue.

(c) The amount of moneys expended for the year.

DESCRIPTION	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018
Facilities, Including Property	\$1,895,904
Costs of Bonded Indebtedness	\$1,160,856
Costs of Collecting the Special Taxes ^[1]	\$4,343
Other Administrative and Overhead Costs	\$30,299
Total Expenditures	\$3,091,402

[1] In accordance with Government Code Section 53340.

(d) A summary of the amount of moneys expended for the following:

- (1) Facilities, including property. - \$1,895,904
- (2) Services. - \$0
- (3) The costs of bonded indebtedness. - \$1,160,856
- (4) The costs of collecting the special tax under Section 53340. - \$4,343
- (5) Other administrative and overhead costs. - \$30,299

(e) For moneys expended for facilities, including property, an identification of the categories of each type of facility funded with amounts expended in each category, including the total percentage of the cost of each type of facility that was funded with bond proceeds or special taxes.

CATEGORY	AMOUNT	PERCENTAGE FUNDED WITH BOND PROCEEDS	PERCENTAGE FUNDED WITH SPECIAL TAXES
Utility Relocation and Undergrounding	\$1,895,904	40%	60%
Total Facilities Costs	\$1,895,904	NA	NA

(f) For moneys expended for services, an identification of the categories of each type of service funded with amounts expended in each category, including the total percentage of the cost of each type of service that was funded with bond proceeds or special taxes.

None

(g) For moneys expended for other administrative costs, an identification of each of these costs.

DESCRIPTION	FISCAL YEAR 2017-2018 ADMINISTRATION EXPENSES AS OF JUNE 30, 2018
Contract Services	\$27,307
City Administration Expenses	\$2,992
Total Administration Costs	\$30,299

(h) The annual report shall contain references to the relevant sections of the resolution of formation of the district so that interested persons may confirm that bond proceeds and special taxes are being used for authorized purposes. The annual report shall be made available to the public upon request.

The public facilities eligible for funding by CFD No. 2004-1, as identified in the resolution establishing CFD No. 2004-1 (the "Resolution of Formation"), shall consist of those items listed below (the "Facilities"):

1. Irvine Business Complex ("IBC") Development Improvements Circulation improvements benefiting the Irvine Business Complex as described in City Council Resolution No. 93-35, adopted by the City on March 9, 1993.
2. City of Irvine Community Park Improvements required by City Subdivision Code section V.F-1004.
3. Jamboree Road Deceleration Lane from Interstate 405 to Project Access Drive. Design and construction of the widening of Jamboree Road to construct a 14-ft wide right turn deceleration lane leading to the project's Jamboree Road access drive. Includes relocation of SCE power line, sidewalk and bike lane provisions.
4. Michelson Street Improvements. Design and construction of the widening westbound Michelson Drive between Jamboree Road and Teller Avenue to provide 19-ft wide curb lane. Also the two westbound lanes will be widened to 12 ft. along project frontage and transition to 10-ft wide lanes to match Teller Avenue. Sidewalk widening for Class 1 bike lane.
5. Pedestrian Bridge over Jamboree Road. Design and construction of a pedestrian bridge over Jamboree Road immediately north of its intersection with Michelson Drive. If the pedestrian

bridge is not constructed or funds remain after its funding, remaining funds may be used for items 6 and 7 below.

6. IBC Transportation Program. To the extent that funds remain after the funding of the pedestrian bridge, CFD No. 2004-1 funding shall be used for the acquisition and construction of right-of-way and other capital improvements needed for expanded and improved public transportation within the IBC.
7. Other Uses. In the event the City determines not to proceed with the Pedestrian Bridge following the preliminary design work, City Council may identify other potential Capital Improvement uses for the CFD No. 2004-1 funds of benefit to the residents and businesses in the IBC.

CFD No. 2004-1 may also finance any of the following:

1. Bond related expenses, including underwriter's discount, appraisal and absorption study costs, reserve fund, capitalized interest, financial advisor fees and expenses, bond and disclosure counsel fees and expenses, and all other incidental expenses.
2. Administrative fees of the City and the bond trustee or fiscal agent related to CFD No. 2004-1 and CFD No. 2004-1 bonds, including but not in any way limited to the cost of a consultant to assist the City with the inspection and coordination of construction of the Facilities.
3. Reimbursement of costs related to the formation of CFD No. 2004-1 advanced by the City, any landowner in CFD No. 2004-1, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, any landowner in CFD No. 2004-1 or any party related to any of the foregoing, for facilities, fees, or other purposes or costs of CFD No. 2004-1.

Annual Report
Fiscal Year 2017-2018

City of Irvine
Community Facilities District
No. 2005-2
(Columbus Grove)

October 9, 2018

Public Finance
Public Private Partnerships
Urban Economics
Clean Energy Bonds

Newport Beach
San Francisco
San Jose
Riverside
Dallas

ANNUAL REPORT – GOVERNMENT CODE SECTION 53343.1

In accordance with the requirements of Government Code Section 53343.1:

A community facilities district formed after January 1, 1992, shall prepare, if requested by a person who resides in or owns property in the district, within 120 days after the last day of each fiscal year, a separate document titled an "Annual Report." The district may charge a fee for the report not exceeding the actual costs of preparing the report. The report shall include the following information for the fiscal year:

(a) The amount of special taxes collected for the year.

DESCRIPTION	FISCAL YEAR 2017-2018 SPECIAL TAX COLLECTION
CFD No. 2005-2 (Columbus Grove)	\$1,102,976

(b) The amount of other moneys collected for the year and their source, including interest earned.

DESCRIPTION	FISCAL YEAR 2017-2018 OTHER AMOUNTS COLLECTED ^[1]	FISCAL YEAR 2017-2018 INTEREST EARNED AS OF JUNE 30, 2018
CFD No. 2005-2 (Columbus Grove)	\$2,154	\$19,530

[1] Orange County apportioned special tax delinquency and penalty revenue.

(c) The amount of moneys expended for the year.

DESCRIPTION	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018
Facilities, Including Property	\$0
Costs of Bonded Indebtedness	\$1,095,950
Costs of Collecting the Special Taxes ^[1]	\$3,502
Other Administrative and Overhead Costs	\$17,040
Total Expenditures	\$1,116,492

[1] In accordance with Government Code Section 53340.

(d) A summary of the amount of moneys expended for the following:

- (1) Facilities, including property. – \$0
- (2) Services. - \$0
- (3) The costs of bonded indebtedness. - \$1,095,950
- (4) The costs of collecting the special tax under Section 53340. - \$3,502
- (5) Other administrative and overhead costs. - \$17,040

(e) For moneys expended for facilities, including property, an identification of the categories of each type of facility funded with amounts expended in each category, including the total percentage of the cost of each type of facility that was funded with bond proceeds or special taxes.

None

(f) For moneys expended for services, an identification of the categories of each type of service funded with amounts expended in each category, including the total percentage of the cost of each type of service that was funded with bond proceeds or special taxes.

None

(g) For moneys expended for other administrative costs, an identification of each of these costs.

DESCRIPTION	FISCAL YEAR 2017-2018
	ADMINISTRATION EXPENSES AS OF JUNE 30, 2018
Contract Services	\$15,339
City Administration Expenses	\$1,701
Total Administration Costs	\$17,040

(h) The annual report shall contain references to the relevant sections of the resolution of formation of the district so that interested persons may confirm that bond proceeds and special taxes are being used for authorized purposes. The annual report shall be made available to the public upon request.

The public facilities eligible for funding by CFD No. 2005-2, as identified in the resolution establishing CFD No. 2005-2 (the "Resolution of Formation"), consist of the construction, acquisition, modification, expansion, improvement or rehabilitation of all or a portion of street improvements, including grading, paving, curbs and gutters, sidewalks, street signalization and signage, street lights and parkway and landscaping related thereto; public parks and recreation facilities, including the Warner Avenue Bike and Hiking Trail and Peters Canyon Channel Bike and Hiking Trail; improvements to the Peters Canyon Channel; and rights-of-way and easements necessary for any of such facilities (the "Facilities").

CFD No. 2005-2 may also finance any of the following:

1. Bond related expenses, including underwriter's discount, appraisal and absorption study costs, reserve fund, capitalized interest, financial advisor fees and expenses, bond and disclosure counsel fees and expenses, and all other incidental expenses.
2. Administrative fees of the City and the bond trustee or fiscal agent related to CFD No. 2005-2 and any bonds, including but not in any way limited to the cost of a consultant to assist the City with the inspection and coordination of construction of the Facilities.
3. Reimbursement of costs related to the formation of CFD No. 2005-2 advanced by the City, any landowner in CFD No. 2005-2, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, any landowner in CFD No. 2005-2 or any party related to any of the foregoing, for facilities, fees, or other purposes or costs of CFD No. 2005-2.

Annual Report
Fiscal Year 2017-2018

City of Irvine
Community Facilities District
No. 2013-3
(Great Park)

October 9, 2018

Public Finance
Public Private Partnerships
Urban Economics
Clean Energy Bonds

Newport Beach
San Francisco
San Jose
Riverside
Houston

ANNUAL REPORT – GOVERNMENT CODE SECTION 53343.1

In accordance with the requirements of Government Code Section 53343.1:

A community facilities district formed after January 1, 1992, shall prepare, if requested by a person who resides in or owns property in the district, within 120 days after the last day of each fiscal year, a separate document titled an "Annual Report." The district may charge a fee for the report not exceeding the actual costs of preparing the report. The report shall include the following information for the fiscal year:

(a) The amount of special taxes collected for the year.

IMPROVEMENT AREA	FISCAL YEAR 2017-2018 SPECIAL TAX COLLECTION
IMPROVEMENT AREA NO. 1	\$4,884,393
IMPROVEMENT AREA NO. 2	\$4,134,390
IMPROVEMENT AREA NO. 4	\$7,447,737
IMPROVEMENT AREA NO. 5	\$582,470
IMPROVEMENT AREA NO. 6	\$1,207,770
IMPROVEMENT AREA NO. 7	\$1,478,685
IMPROVEMENT AREA NO. 8	\$1,755,150
IMPROVEMENT AREA NO. 9	\$0

(b) The amount of other moneys collected for the year and their source, including interest earned.

IMPROVEMENT AREA	FISCAL YEAR 2017-2018 OTHER AMOUNTS COLLECTED ^[1]	FISCAL YEAR 2017-2018 INTEREST EARNED AS OF JUNE 30, 2018
IMPROVEMENT AREA NO. 1	\$15,338	\$130,193
IMPROVEMENT AREA NO. 2	\$0	\$5,018
IMPROVEMENT AREA NO. 4	\$37,203	\$1,190,577
IMPROVEMENT AREA NO. 5	\$0	\$6,582
IMPROVEMENT AREA NO. 6	\$15,346	\$1,433
IMPROVEMENT AREA NO. 7	\$0	\$1,627
IMPROVEMENT AREA NO. 8	\$5,593	\$2,647
IMPROVEMENT AREA NO. 9	\$0	(\$169)

^[1] Delinquencies-Penalty-Late fees received from the County of Orange as of June 30, 2018.

(c) The amount of moneys expended for the year.

IMPROVEMENT AREA NO. 1	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018
Facilities, Including Property ^[1]	\$0
Cost of Bond Indebtedness	\$3,615,500
Cost of Collecting the Special Tax	\$15,019

IMPROVEMENT AREA NO. 1	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018
Other Administrative and Overhead Costs	\$25,659
Transfer to Great Park Fund for Services	\$834,933
Total	\$4,491,111

[1] Bond Proceeds raised by Improvement Area No. 1 have been fully reimbursed to the Developer and the City for construction/improvements of approved CFD facilities. CFD No. 2013-3 Great Park's future constructions/improvements of approved facilities will be funded by other Improvement Areas' bond proceeds.

IMPROVEMENT AREA NO. 2	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018
Cost of Collecting the Special Tax	\$12,434
Other Administrative and Overhead Costs	\$10,015
Transfer to Great Park Fund for Services	\$4,081,330
Total	\$4,103,779

IMPROVEMENT AREA NO. 4	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018
Facilities, Including Property	\$65,023,653
Cost of Bond Indebtedness	\$6,078,750
Cost of Collecting the Special Tax	\$22,770
Other Administrative and Overhead Costs	\$48,369
Transfer to Great Park Fund for Services	\$1,240,481
Total	\$72,414,023

IMPROVEMENT AREA NO. 5	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018
Cost of Collecting the Special Tax	\$1,758
Other Administrative and Overhead Costs	\$15,812
Transfer to Great Park Fund for Services	\$530,450
Total	\$548,020

IMPROVEMENT AREA NO. 6	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018
Cost of Collecting the Special Tax	\$3,768
Other Administrative and Overhead Costs	\$28,306
Transfer to Great Park Fund for Services	\$1,156,770
Total	\$1,188,844

IMPROVEMENT AREA NO. 7	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018
Cost of Collecting the Special Tax	\$4,445
Other Administrative and Overhead Costs	\$13,120
Transfer to Great Park Fund for Services	\$1,427,685
Total	\$1,444,250

IMPROVEMENT AREA NO. 8	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018
Cost of Collecting the Special Tax	\$5,283
Other Administrative and Overhead Costs	\$13,403
Transfer to Great Park Fund for Services	\$744,638
Cost of Issuance	\$48,625
Total	\$811,949

IMPROVEMENT AREA NO. 9	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018
Cost of District Formation	\$38,957
Cost of Collecting the Special Tax	\$0
Other Administrative and Overhead Costs	\$0
Transfer to Great Park Fund for Services	\$0
Total	\$38,957

(d) A summary of the amount of moneys expended for the following:

Improvement Area No. 1 (July 1, 2017 to June 30, 2018)

- (1) Facilities, including property. - \$0
- (2) Services. - \$834,933 was transferred to the Great Park Fund for Services.
- (3) The costs of bonded indebtedness. - \$3,615,500
- (4) The costs of collecting the special tax under Section 53340. - \$15,019
- (5) Other administrative and overhead costs. - \$25,659

Improvement Area No. 2 (July 1, 2017 to June 30, 2018)

- (1) Facilities, including property. - \$0
- (2) Services. - \$4,081,330 was transferred to the Great Park Fund for Services.

- (3) The costs of bonded indebtedness. - \$0
- (4) The costs of collecting the special tax under Section 53340. - \$12,434
- (5) Other administrative and overhead costs. - \$10,015

Improvement Area No. 4 (July 1, 2017 to June 30, 2018)

- (1) Facilities, including property. - \$65,023,653
- (2) Services. - \$1,240,481 was transferred to the Great Park Fund for Services.
- (3) The costs of bonded indebtedness. - \$6,078,750
- (4) The costs of collecting the special tax under Section 53340. - \$22,770
- (5) Other administrative and overhead costs. - \$48,369

Improvement Area No. 5 (July 1, 2017 to June 30, 2018)

- (1) Facilities, including property. - \$0
- (2) Services. - \$530,450 was transferred to the Great Park Fund for Services.
- (3) The costs of bonded indebtedness. - \$0
- (4) The costs of collecting the special tax under Section 53340. - \$1,758
- (5) Other administrative and overhead costs. - \$15,812

Improvement Area No. 6 (July 1, 2017 to June 30, 2018)

- (1) Facilities, including property. - \$0
- (2) Services. – \$1,156,770 was transferred to the Great Park Fund for Services.
- (3) The costs of bonded indebtedness. - \$0
- (4) The costs of collecting the special tax under Section 53340. - \$3,768
- (5) Other administrative and overhead costs. - \$28,306

Improvement Area No. 7 (July 1, 2017 to June 30, 2018)

- (1) Facilities, including property. - \$0
- (2) Services. – \$1,427,685 was transferred to the Great Park Fund for Services.
- (3) The costs of bonded indebtedness. - \$0
- (4) The costs of collecting the special tax under Section 53340. - \$4,445
- (5) Other administrative and overhead costs. - \$13,120

Improvement Area No. 8 (July 1, 2017 to June 30, 2018)

- (1) Facilities, including property. - \$0
- (2) Services. – \$744,638 was transferred to the Great Park Fund for Services.

- (3) The costs of bonded indebtedness. - \$48,625
- (4) The costs of collecting the special tax under Section 53340. - \$5,283
- (5) Other administrative and overhead costs. - \$13,403

Improvement Area No. 9 (July 1, 2017 to June 30, 2018)

- (1) Facilities, including property. - \$0
- (2) Services. – \$0 was transferred to the Great Park Fund for Services.
- (3) The costs of bonded indebtedness. - \$0
- (4) The costs of collecting the special tax under Section 53340. - \$0
- (5) Other administrative and overhead costs. - \$38,957

(e) For moneys expended for facilities, including property, an identification of the categories of each type of facility funded with amounts expended in each category, including the total percentage of the cost of each type of facility that was funded with bond proceeds or special taxes.

CATEGORY	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018	PERCENTAGE FUNDED WITH BOND PROCEEDS	PERCENTAGE FUNDED WITH SPECIAL TAXES
Street and Storm Drain	\$19,920,337	100%	0%
Crushing and Preparing of Base Material	\$6,553,733	100%	0%
Agua Chinon Drainage	\$6,893,297	100%	0%
Bee Canyon Storm Drain	\$29,142	100%	0%
Hike and Bike Trails	\$2,065,933	100%	0%
Traffic Signals	\$1,670,370	100%	0%
Streetscape/Landscape	\$5,450,379	100%	0%
Great Park Improvements	\$9,033,714	100%	0%
Wildlife Corridor	\$127,533	100%	0%
Wet Utilities	\$3,422,237	100%	0%
Water Quality	\$3,220,896	100%	0%
Dry Utilities	\$6,188,377	100%	0%
Utility Underground	\$447,707	100%	0%
Total	\$65,023,653	N/A	N/A

(f) For moneys expended for services, an identification of the categories of each type of service funded with amounts expended in each category, including the total percentage of the cost of each type of service that was funded with bond proceeds or special taxes.

IMPROVEMENT AREA	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018	PERCENTAGE FUNDED WITH BOND PROCEEDS	PERCENTAGE FUNDED WITH SPECIAL TAXES
IMPROVEMENT AREA NO. 1	\$834,933	0%	100%
IMPROVEMENT AREA NO. 2	\$4,081,330	0%	100%
IMPROVEMENT AREA NO. 4	\$1,240,481	0%	100%

IMPROVEMENT AREA	FISCAL YEAR 2017-2018 EXPENDITURES AS OF JUNE 30, 2018	PERCENTAGE FUNDED WITH BOND PROCEEDS	PERCENTAGE FUNDED WITH SPECIAL TAXES
IMPROVEMENT AREA NO. 5	\$530,450	0%	100%
IMPROVEMENT AREA NO. 6	\$1,156,770	0%	100%
IMPROVEMENT AREA NO. 7	\$1,427,685	0%	100%
IMPROVEMENT AREA NO. 8	\$744,638	0%	100%
IMPROVEMENT AREA NO. 9	\$0	N/A	N/A

In accordance with the Amended and Restated Development Agreement, dated December 27, 2010, by and among City of Irvine (the "City"), Heritage Fields El Toro, LLC and the Irvine Redevelopment Agency, as it may be further amended, Special Tax revenues collected for services are transferred to the Great Park Fund, to be used for services related to the operations and maintenance of the Orange County Great Park.

(g) For moneys expended for other administrative costs, an identification of each of these costs.

IMPROVEMENT AREA NO. 1	FISCAL YEAR 2017-2018 ADMINISTRATION EXPENSES AS OF JUNE 30, 2018
Contract Services	\$22,426
City Administration	\$3,233
Total Other Administrative Costs	\$25,659

IMPROVEMENT AREA NO. 2	FISCAL YEAR 2017-2018 ADMINISTRATION EXPENSES AS OF JUNE 30, 2018
Contract Services	\$9,739
City Administration	\$276
Total Other Administrative Costs	\$10,015

IMPROVEMENT AREA NO. 4	FISCAL YEAR 2017-2018 ADMINISTRATION EXPENSES AS OF JUNE 30, 2018
Contract Services	\$44,598
City Administration	\$3,771
Total Other Administrative Costs	\$48,369

IMPROVEMENT AREA NO. 5	FISCAL YEAR 2017-2018 ADMINISTRATION EXPENSES AS OF JUNE 30, 2018
Contract Services	\$15,714
City Administration	\$98
Total Other Administrative Costs	\$15,812

IMPROVEMENT AREA NO. 6	FISCAL YEAR 2017-2018 ADMINISTRATION EXPENSES AS OF JUNE 30, 2018
Contract Services	\$27,028
City Administration	\$1,278
Total Other Administrative Costs	\$28,306

IMPROVEMENT AREA NO. 7	FISCAL YEAR 2017-2018 ADMINISTRATION EXPENSES AS OF JUNE 30, 2018
Contract Services	\$13,040
City Administration	\$80
Total Other Administrative Costs	\$13,120

IMPROVEMENT AREA NO. 8	FISCAL YEAR 2017-2018 ADMINISTRATION EXPENSES AS OF JUNE 30, 2018
Contract Services	\$13,310
City Administration	\$93
Total Other Administrative Costs	\$13,403

IMPROVEMENT AREA NO. 9	FISCAL YEAR 2017-2018 ADMINISTRATION EXPENSES AS OF JUNE 30, 2018
Contract Services	\$0
City Administration	\$0
Total Other Administrative Costs	\$0

(h) The Annual Report shall contain references to the relevant sections of the Resolution of Formation of the District so that interested persons may confirm that bond proceeds and special taxes are being used for authorized purposes. The annual report shall be made available to the public upon request.

The type of public facilities proposed to be eligible for funding by CFD No. 2013-3, as identified in the resolution establishing CFD No. 2013-3 (the "Resolution of Formation"), shall consist of those items listed below (the "Facilities").

It is intended that CFD No. 2013-3 and each improvement area will be eligible to finance all or any portion of the facilities described in Section 53313.5 of the Act, to be owned and operated by the City or by another public agency, that shall be constructed, whether or not acquired in their completed states, pursuant to the plans and specifications approved by City of Irvine or by another public agency. Facilities authorized to be financed by CFD No. 2013-3 and each improvement area include, but are not limited to, all of the following:

1. Street, road, and parkway improvements, including, but not limited to, right of way acquisition, grading, paving, curb and gutter, median, sidewalks, access ramps, trails, removal and undergrounding of utilities, signing, striping, grinding, traffic control, and seal.
2. Traffic signals.

3. Storm drain improvements, including, but not limited to, mainlines, laterals, catch basins, junction structures, manholes, and local depressions.
4. Sewer improvements, including, but not limited to, laterals, monitoring manholes, manholes, pavement, and striping.
5. Domestic and recycled water facilities, including, but not limited to, water mains, stubs, valves, air vac, blow off, fittings, fire hydrant assembly, thrust blocks, cap, and striping.
6. Water improvements and water features.
7. Parks, park facilities, and parkways.
8. Dry utilities, to be owned by public utilities, including, but not limited to, telephone, electric, gas, relocation of lines, undergrounding, trenching, shading, conduit risers, pullboxes, vaults, and hand holes.
9. Landscaping, amenities, irrigation systems, and plantings.
10. Bridge, thoroughfare, and railway improvements, including, but not limited to, rails, grading, abutments, access ramps, lighting, drainage, utility crossings, sidewalks, trails and right of way acquisition.
11. Water quality treatment systems.
12. Wildlife corridors, including, but not limited to, mass excavations, demolition, and fire service mains and appurtenances.
13. Open space improvements.
14. Runway demolition
15. Property acquisition.

The Facilities shall include the costs of design and engineering, surveys or reports, the cost of traffic-related environmental mitigation and any required landscaping and irrigation, soils testing, permits, plan check and inspection fees, insurance, construction management, and any other costs or appurtenances related to any of the foregoing, as set forth in the Acquisition Agreement, dated March 26, 2013, by and between Heritage Fields El Toro, LLC and the City, on behalf of itself and CFD No. 2013-3, which Acquisition Agreement is consistent, as to the categories of costs, facilities, and services to be acquired, with (i) the Amended and Restated Development Agreement, dated December 27, 2010, by and among the City, Heritage Fields El Toro, LLC and the Irvine Redevelopment Agency, as it may be further amended, and (ii) the Amended and Restated Master Implementation Agreement, dated December 27, 2010, by and between the City and Heritage Fields El Toro, LLC, as it may be further amended.

CFD No. 2013-3 may also finance any of the following:

1. Bond related expenses, including underwriter's discount, appraisal and absorption study costs, reserve fund, capitalized interest, financial advisor fees and expenses, bond and disclosure counsel fees and expenses, and all other incidental expenses.
2. Administrative fees of the City, the bond trustee, or fiscal agent related to CFD No. 2013-3 and bonds raised by CFD No. 2013-3, including but not in any way limited to the cost of a consultant to assist the City with the inspection and coordination of construction of the Facilities.
3. Reimbursement of costs related to the formation of CFD No. 2013-3 advanced by the City, any landowner in CFD No. 2013-3, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, any landowner in CFD No. 2013-3 or any party related to any of the foregoing, for facilities, fees, or other purposes or costs of CFD No. 2013-3.

It is intended that CFD No. 2013-3 and each improvement area will be eligible to finance all or any portion of the services described in Section 53313 of the Act (collectively, the "Services").

1.12



REQUEST CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: FISCAL YEAR 2017-18 GENERAL FUND YEAR-END REPORT

Director of Administrative Services

City Manager

RECOMMENDED ACTION

1. Approve a budget adjustment allocating \$4,560,874 of year-end General Fund balance for specific projects/programs previously approved by the City Council.
2. Approve a budget adjustment to allocate \$4,161,888 of year-end General Fund balance for a one-time contribution to pay-down the unfunded pension liability.
3. Approve a budget adjustment to transfer \$1,000,000 of year-end General Fund balance to the Asset Management Plan Fund for the Fiscal Year 2016-17 repayment in accordance with the Accelerated Pension Liability Pay-down Plan, adopted by the City Council on June 25, 2013.
4. Approve a budget adjustment allocating \$70,374 of year-end General Fund balance for outstanding encumbrances and Purchase Orders that were not completed by the end of the fiscal year.

EXECUTIVE SUMMARY

This report is to inform the City Council of the City's year-end financial position. Fiscal Year (FY) 2017-18 General Fund's operating revenues and transfers-in exceeded operating expenditures and transfers-out by \$5.9 million, which, when combined with beginning fund balance and prior year-end transfers, resulted in a year-end surplus of \$9.9 million.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

On November 5, 2018, with all members present, the Finance Commission voted 5-0 to recommend City Council approve the recommended actions. Additionally, the Finance Commission also recommended including alternative rate scenarios on the annual pension scorecard update that show less than optimal circumstances.

ANALYSIS

Year-End Results

FY 2017-18 General Fund results are summarized in Table 1 and reflect an overall surplus of \$9.9 million as of June 30, 2018. Operating revenues exceeded budget, while expenditures were under budget.

Table 1
FY 2017-18 General Fund Summary

<u>FY 2017-18 Beginning Balance July 1, 2017</u>		<u>\$3,990,077</u>
FY 2017-18 Actual Results		
General Fund Operating Revenues	\$187,528,134	
Transfers-In	<u>7,512,617</u>	
Revenues & Transfers-In Total		195,040,751
General Fund Operating Expenditures	(173,140,219)	
Transfers-Out	<u>(16,021,924)</u>	
Expenditures & Transfers Out Total		(189,162,143)
<u>Total Year-End Balance June 30, 2018</u>		<u>\$9,868,685</u>

Revenues

Total revenues (including transfers-in) exceeded budget projections by \$2.7 million, or 1.4 percent; with property tax \$1.6 million, landfill revenues \$0.9 million and documentary transfer tax \$0.6 million accounting for 89 percent of the increase. Property Tax revenues were above expectations mostly due to a 3 percent difference between the expected growth rate used in budget development and the actual growth rate realized for Property Tax. Landfill revenues exceeded budget due to higher than anticipated waste tonnage received at the landfill and the initial payment from the County for Net Import Landfill Revenues that was the result of the County's plan to repay bankruptcy claims. The increase in Documentary Transfer Tax was due to higher than expected transfer activity and the sale of the Broadcom property.

Expenditures

Expenditures (including transfers-out) were below budget by \$6.9 million, or 3.5 percent; with savings across all departments, notably in Community Development \$1.8 million, Public Safety \$1.7 million and Community Services \$1.2 million. Expenditure savings occurred in two budget categories, personnel costs and contract services. Personnel

costs were under budget by \$4.2 million, primarily due to pension prepayment savings, less than anticipated health insurance costs, and less than anticipated need for part-time employees. Contract service savings of \$2.9 million is attributed to lower than anticipated expenses in labor related services, delays in the general plan update, less than expected costs for water quality charges paid to the County of Orange, and savings on annual maintenance contracts and emergency maintenance services.

Attachments 1-3 are detailed reports for the June 30, 2018 fiscal year-end that provide an overview and analysis of the year's financial activity.

Prior City Council Actions Designating Funds

Table 2 reflects a total year-end balance as of June 30, 2018 of \$9.9 million. After year-end deductions for Reservations and Prior City Council Actions, the City has a net year-end balance of \$5,232,262.

Table 2
FY 2017-18 Net Year-End Balance

<u>Total Year-End Balance June 30, 2018</u>		\$9,868,685
Reservations & Prior Allocations		
Reservations	<u>(\$75,549)</u>	(\$75,549)
Prior City Council Actions/Direction		
Pension Prepayment Savings to Asset Management Plan (CC Meeting 6/25/13)	(\$1,448,874)	
Accelerated Pension Liability Pay-Down for FY 2017-18 (CC Meeting 6/25/13)	(\$1,000,000)	
Contingency Reserve Repayment	<u>(\$2,112,000)</u>	(\$4,560,874)
<u>FY 2017-18 Unallocated Year-End Balance</u>		<u>\$5,232,262</u>

The following is a summary of prior year-end balance Reservations and City Council actions.

Reservations

On January 25, 2011, the City Council approved an agreement accepting responsibility for the long-term management, in perpetuity, of a turtle pond mitigation site on the Irvine Open Space Preserve. This agreement was accompanied by a donation of \$100,000 from the Irvine Company; \$75,549 remains as designated for the long-term costs associated with this commitment.

Accelerated Pension Liability Pay-down Plan – Repayment to the AMP

On June 25, 2013, the City Council approved the Accelerated Pension Liability Pay-down Plan Policy (the Plan) to reduce the City's unfunded pension obligation with the goal of attaining a 98 percent pension funding level. The Plan utilizes \$5 million a year for 10 years from the Asset Management Plan Fund (AMP) to pay down the unfunded liability with CalPERS, understanding prepayment savings would be allocated back to the AMP. \$1,448,874 associated with the pension prepayment savings is being allocated back to the AMP in accordance with the Plan.

Accelerated Pension Liability Pay-down Plan

In addition to the prepayment savings, the City Council approved Plan calls for a partial repayment to the AMP of \$1 million per year for 13 years from the year-end fund balance, when available. This amount is being allocated to the AMP in accordance with the Plan.

Contingency Reserve Repayment

The FY 2018-19 Adopted Budget included a transfer-in from the contingency reserve fund in the amount of \$2,112,000 to offset General Fund expenditures in anticipation of the year-end surplus. This amount is being allocated to the contingency reserve in accordance with the FY 2018-19 Adopted Budget. The repayment increases the reserve balance to approximately \$42.2 million, or 22.2 percent of the General Fund appropriations as of year-end.

City Council actions and reservations of \$4,636,423 reduces the General Fund surplus to \$5,232,262. Table 3, on the following page, outlines the City Manager's recommendations for allocating the remaining balance.

Table 3
FY 2017-18 City Manager's Year-End Fund Balance Recommendations

<u>FY 2017-18 Unallocated Year-End Balance</u>		\$5,232,262
City Manager's Year-End Recommendations		
One-time Contribution to Accelerated Pension Liability Pay-down	(\$4,161,888)	
Accelerated Pension Liability Pay-Down for FY 2016-17 (CC Meeting 6/25/13)	(\$1,000,000)	
Open Purchase Orders	(\$70,374)	
		(\$5,232,262)
<u>FY 2017-18 Net Year-End Balance</u>		<u>\$0</u>

One-time Contribution to the Plan

On June 25, 2013, the City Council approved the Accelerated Pension Liability Pay-down Plan Policy to reduce the City's unfunded pension obligation. The Plan allows for additional funding to further accelerate payment of the unfunded liability as year-end surplus and other discretionary funds become available. The City Manager's recommendation includes \$4,161,888 of year-end fund balance to further reduce the unfunded pension liability. The reduction of the unfunded liability increases the Safety plan from 76.2 to 76.9 percent funded and the Miscellaneous plan from 78.5 to 78.9 percent funded, to be reflected in the June 30, 2019 valuation. It is anticipated that the reduction in the unfunded liability will save approximately \$6.4 million in interest.

Accelerated Pension Liability Pay-down Plan

In addition to the prepayment savings, the City Council approved Plan calls for a partial repayment to the AMP of \$1 million per year for 13 years from the year-end fund balance, when available. In FY 2016-17, funds were not available, therefore the \$1 million repayment was not allocated. The City Manager's recommendation includes \$1 million for the FY 2016-17 repayment to be allocated to the AMP in accordance with the Plan.

Open Purchase Orders

As of the close of the fiscal year there is one purchasing commitment in the amount of \$70,374 that will be completed in FY 2018-19. Staff recommends that funding for the City's project to convert City records to digital media be continued and funded in the new fiscal year. The Purchase Order recommended for year-end funding (Attachment 4) and a budget adjustment to allocate funding for this outstanding commitment is attached (Attachment 5).

ALTERNATIVES CONSIDERED

Year-end funds are considered “one-time” funds, in that they are not supported by ongoing revenues and may not be available in the future to sustain ongoing programs or services. While the City Council may consider other funding priorities, the recommended actions reflect the City Council’s fiscal priorities of increasing the Contingency Reserve Fund to 25 percent, reimbursing the AMP from pension prepayment savings as part of the Plan, and paying down the unfunded pension liability.

FINANCIAL IMPACT

The recommended actions provide funds for previous commitments and City Council directives as described in this report. If the recommended funding allocations are made, the General Fund year-end balance will be fully allocated and the Contingency Reserve Fund balance will be 22.2 percent.

REPORT PREPARED BY Roger Galli, Senior Management Analyst

ATTACHMENTS

1. Budget Update for the Fiscal Year Ended June 30, 2018
2. Fiscal Year 2017-18 Year-End Summary
3. General Fund Revenue Summary by Budget Category
4. Open Purchase Orders Funding Request
5. Budget Adjustment Request Forms

YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



OVERVIEW - GENERAL FUND

The City's year-to-date (YTD) financial report, as of June 30, 2018, is presented for your review. This report provides a comparison of General Fund operating revenues and expenditures to the adjusted budget and includes a brief review of Special Funds. Where appropriate, comparisons to prior year actuals are included.

At the end of the fiscal year, there was a total positive variance of \$9,592,479 when compared to the Adjusted Budget.

FISCAL YEAR 2017-18					
GENERAL FUND	June YTD Prior Year	Adjusted Budget	June YTD Actuals	June YTD Variance	
				(Unfavorable)	Percent
FY16-17 YEAR-END BALANCE		3,990,077			
REVENUES	178,610,612	184,026,342	187,528,132	3,501,791	1.9%
TRANSFERS-IN	3,078,300	8,327,891	7,512,617	(815,274)	-9.8%
TOTAL REVENUES	181,688,912	192,354,233	195,040,749	2,686,517	1.4%
EXPENDITURES	164,113,232	180,046,181	173,140,219	6,905,962	3.8%
TRANSFERS-OUT	25,867,834	16,021,924	16,021,924	-	0.0%
TOTAL EXPENDITURES	189,981,066	196,068,105	189,162,143	6,905,962	3.5%
VARIANCE		276,205		9,592,479	

SUMMARY

REVENUES

General Fund operating revenues (including transfers-in) exceeded the adjusted budget by \$2,686,517, or 1.4 percent.

- Sales Tax was under the adjusted budget by \$-410,553, or -0.6 percent, due to timing differences created by the changeover in reporting systems at the California Department of Tax and Fee Administration (CDTFA).
- Property Tax was greater than the adjusted budget by \$1,581,199, or 2.5 percent mostly due to a 3 percent higher than budgeted growth rate realized for Property Tax in Lieu of VLF (Vehicle License Fee) and No-Low Property Tax.
- Other Revenues were over the adjusted budget by \$2,007,403, or 9.7 percent mostly due to higher than anticipated waste tonnage received at the landfill, the initial payment from the County for Net Import Landfill Revenues that were a result of the County's plan to repay bankruptcy claims, receipt of prior-year disaster funds, and higher than expected Documentary Transfer Tax activity.

EXPENDITURES

General Fund operating expenditures (including transfers-out) were \$6,905,962, or 3.5 percent, under the adjusted budget.

- Salaries and Benefits were under the adjusted budget by \$4,199,003, or 3.4 percent, due to pension prepayment savings, health insurance and less than expected part-time employees.
- Contract Services were under the adjusted budget by \$2,891,082, or 12.8 percent, due to less than anticipated expenses in labor related services, delays in the general plan update, less than expected costs for water quality charges paid to the County of Orange, and savings on annual maintenance contracts and emergency maintenance services.

ATTACHMENT 1

YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



REVENUES - GENERAL FUND

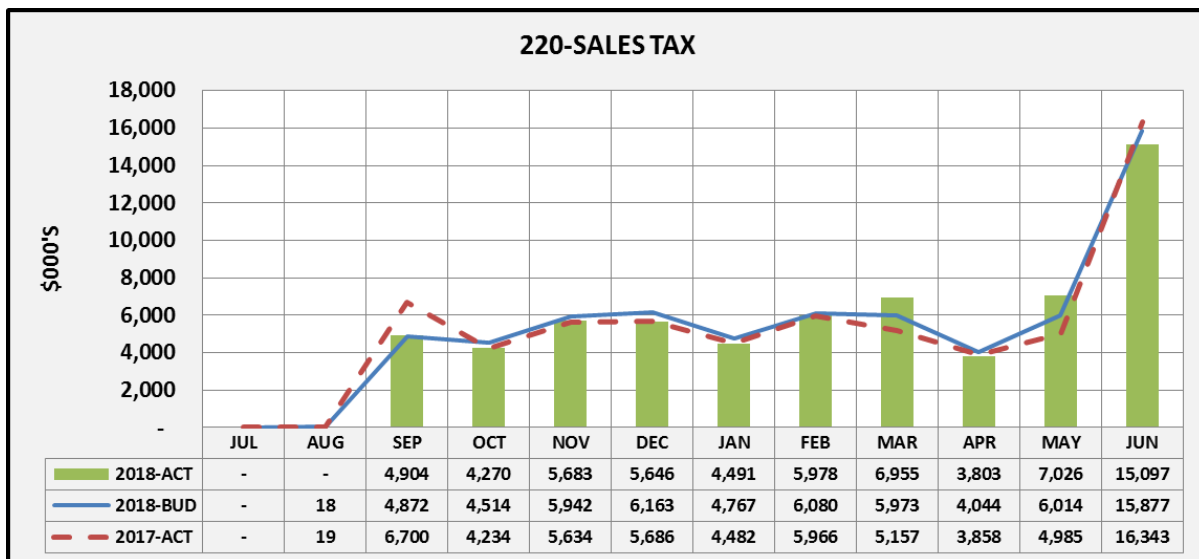
REVENUE BY MAJOR CATEGORY

The City's top five revenue categories account for approximately 89 percent of the City's total annual budgeted revenues (excluding transfers-in). The top five revenue categories are discussed in greater detail on pages 2 - 4.

GENERAL FUND	June YTD Prior Year	Adjusted Budget	June YTD Actuals	Variance	
				(Unfavorable)	Percent
SALES TAX	63,063,463	64,264,000	63,853,447	(410,553)	-0.6%
PROPERTY TAX	59,469,593	63,468,000	65,049,200	1,581,199	2.5%
HOTEL TAX	12,520,113	14,666,000	14,883,338	217,339	1.5%
PROGRAM AND SERVICE FEES	11,551,006	11,802,468	11,899,921	97,453	0.8%
FRANCHISE TAX	8,854,213	9,218,000	9,226,950	8,950	0.1%
OTHER REVENUES	23,152,224	20,607,874	22,615,276	2,007,403	9.7%
TOTAL OPERATING REVENUE	178,610,612	184,026,342	187,528,132	3,501,791	1.9%
TRANSFERS IN	3,078,300	8,327,891	7,512,617	(815,274)	-9.8%
TOTAL REVENUES & SOURCES	181,688,912	192,354,233	195,040,749	2,686,517	1.4%

TOP FIVE REVENUE CATEGORIES

SALES TAX revenues of \$63,853,447 were under the adjusted budget by \$-410,553 or -0.6 percent, and were \$789,984 higher than the prior fiscal year. Sales tax is collected by the state and advanced to local governments on a monthly basis. The CDTFA changed to a new reporting software in April 2018 which resulted in timing differences between tax returns and allocations made to local agencies. Although these delays are temporary, they have impacted the fiscal year-end results. It's anticipated that the adjustments will be realized in Q3 data. Sales tax comprises 35 percent of the annual General Fund operating revenue budget.

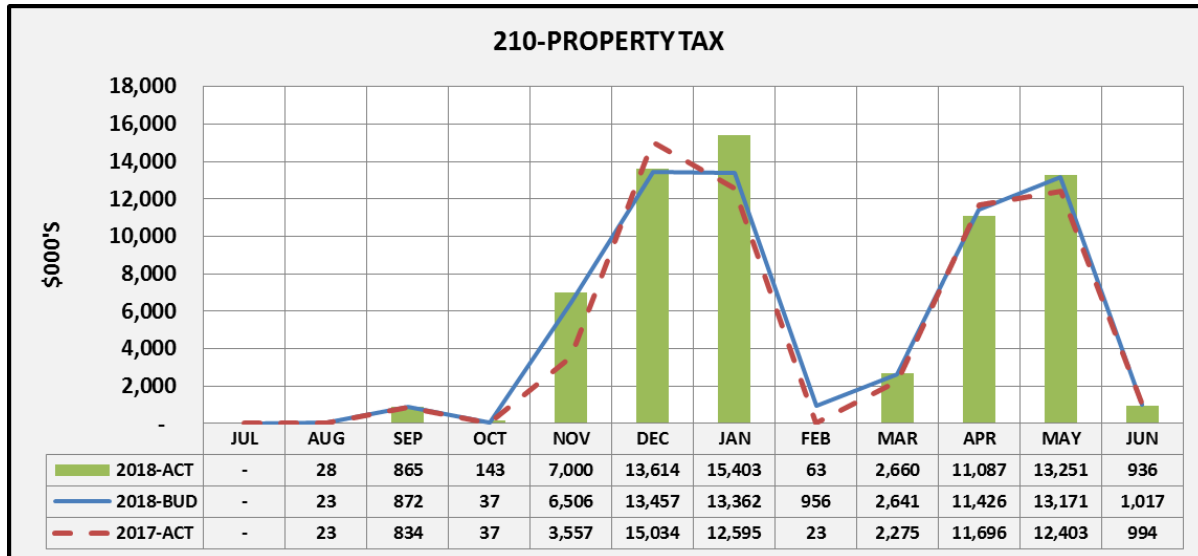


YEAR-END BUDGET UPDATE

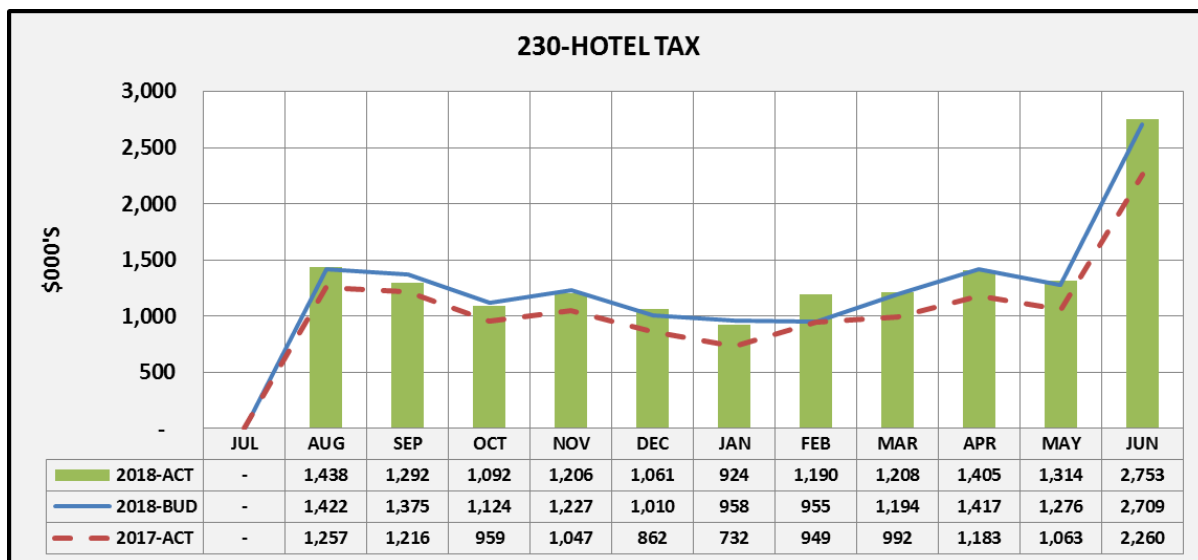
CITY OF IRVINE - JUNE 2018



PROPERTY TAX revenues of \$65,049,200 for the fiscal year-to-date exceeded the adjusted budget by \$1,581,199, or 2.5 percent, and were \$5,579,608, or 9 percent, higher than the prior fiscal year. These revenues are largely received in the months of December and April. The increase in property tax payments is mostly due to a 3 percent higher than budgeted growth rate realized for Property Tax in Lieu of VLF (Vehicle License Fee) and No-Low Property Tax. Property tax provides 33 percent of annual budgeted General Fund operating revenues.



HOTEL TAX revenues of \$14,883,338 for the fiscal year-to-date exceeded the adjusted budget by \$217,339, or 1.5 percent and were \$2,363,226 or 19 percent greater than the prior fiscal year. After delays in their expected openings, the Hyatt House and the Marriott Irvine Spectrum opened in December 2017 and the Hampton Inn opened in March 2018. Hotel tax provides 8 percent of annual budgeted General Fund operating revenues.

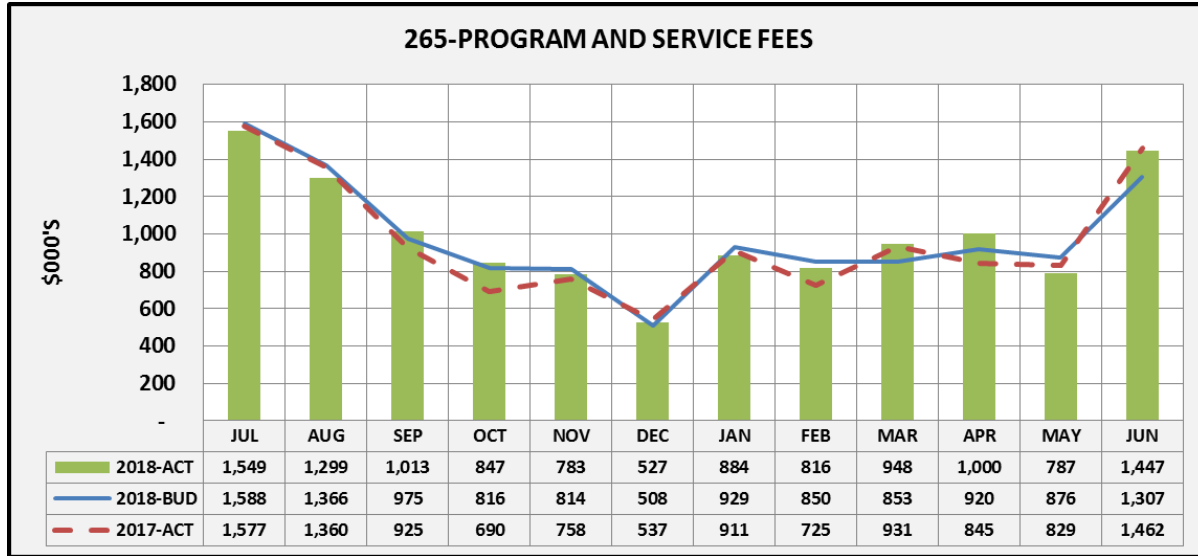


YEAR-END BUDGET UPDATE

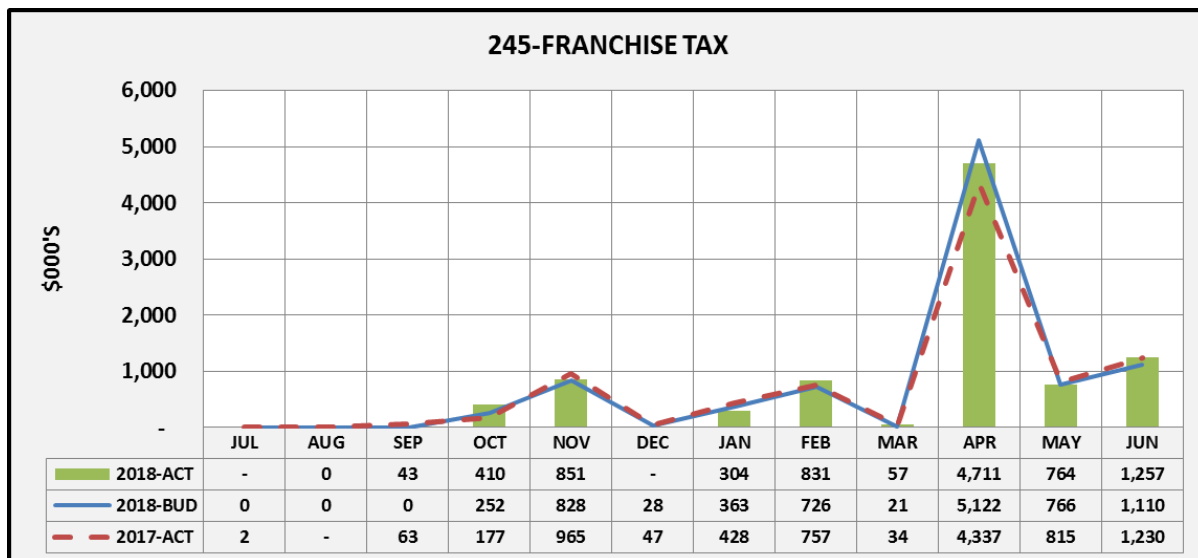
CITY OF IRVINE - JUNE 2018



PROGRAM AND SERVICE FEES revenues of \$11,899,921 for the fiscal year-to-date exceeded the adjusted budget by \$97,453, or 0.8 percent. Compared to last fiscal year, revenues in this category were up \$348,916, or 3 percent. Program and Service Fees provide 6 percent of annual budgeted General Fund operating revenues, and almost entirely come from the Community Services Department. The top 3 revenue sources are contract classes (recreational classes, learning classes, workshops, and clinics provided by contract instructors), child services (camps, after school, and intersession programs) and tennis activities (individual/group lessons, tournaments, and leagues).



FRANCHISE TAX revenues of \$9,226,950 for the fiscal year-to-date exceeded the adjusted budget by \$8,950, or 0.1 percent, primarily due to negative variances in Gas and Electric which were offset by better than expected results from Cable and Nonexclusive Refuse haulers. Approximately 85 percent of each year's revenues have been historically received in the second half of the fiscal year, with the largest payment from Southern California Edison received in April. Compared to the prior fiscal year, franchise tax revenues were up by \$372,737. Franchise Tax provides 5 percent of annual budgeted General Fund operating revenues.



YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



EXPENDITURES - GENERAL FUND

EXPENDITURES BY MAJOR CATEGORY

Total expenditures and uses at the end of June were \$189,162,143, which were \$6,905,962, or 3.5 percent, under the adjusted budget. Compared to the same period in the prior fiscal year, total expenditures and uses were down \$818,923.

Expenditures by Budget Category

FISCAL YEAR 2017-18					
EXPENDITURES BUDGET CATEGORY	June YTD Prior Yr	Adjusted Budget	June YTD Actuals	Variance	
				(Unfavorable)	Percent
SALARIES AND BENEFITS	108,579,192	122,198,367	117,999,364	4,199,003	3.4%
OVERTIME	2,753,285	3,034,373	2,965,995	68,378	2.3%
SUPPLIES	4,956,942	5,226,496	5,351,236	(124,740)	-2.4%
INTERNAL SERVICES	18,908,770	18,775,335	18,775,335	-	0.0%
CONTRACT SERVICES	21,061,436	22,603,567	19,712,485	2,891,082	12.8%
TRAINING AND BUSINESS EXPENSE	969,978	1,222,871	1,265,747	(42,876)	-3.5%
UTILITIES	2,478,919	2,404,700	2,587,707	(183,007)	-7.6%
CAPITAL EQUIPMENT	427,291	218,500	251,357	(32,857)	-15.0%
MISCELLANEOUS	3,918,101	4,135,675	4,097,028	38,647	0.9%
REPAIRS AND MAINTENANCE	357,485	422,297	346,281	76,016	18.0%
LESS COST ALLOCATED	(298,167)	(196,000)	(212,316)	16,316	-8.3%
TOTAL OPERATING EXPENDITURES	164,113,232	180,046,181	173,140,219	6,905,962	3.8%
TRANSFERS OUT	25,867,834	16,021,924	16,021,924	0	0.0%
TOTAL EXPENDITURES & USES	189,981,066	196,068,105	189,162,143	6,905,962	3.5%

TOP FIVE EXPENDITURE VARIANCES (DOLLARS)

SALARIES AND BENEFITS were under budget by \$4,199,003, or 3.4 percent, due to pension prepayment savings, health insurance and less than expected part-time employees.

CONTRACT SERVICES were under the adjusted budget by \$2,891,082, or 12.8 percent, due to less than anticipated expenses in labor related services, delays in the general plan update, less than expected costs for water quality charges paid to the County of Orange, and less than expected extra work on annual maintenance contracts and emergency maintenance services.

UTILITIES were over budget by \$-183,007, or -7.6 percent, due primarily to greater than expected water usage from a drier winter and spring, necessitating more irrigation of landscaped areas.

SUPPLIES were over the adjusted budget by \$-124,740, or -2.4 percent, due to supplies purchased to outfit new police vehicles.

REPAIRS AND MAINTENANCE were under the adjusted budget by \$76,016, or 18.0 percent, due to less than expected need for repairs and maintenance of equipment.

YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



EXPENDITURES BY DEPARTMENT

The table below shows another perspective of monthly expenditures, broken down by department, showing each department's budget status as of June 30, 2018. All departments are below budget and have favorable variances.

Expenditures by Department

FISCAL YEAR 2017-18					
EXPENDITURES BY DEPARTMENT	June YTD Prior Yr	Adjusted Budget	June YTD Actuals	Variance	
				(Unfavorable)	Percent
CITY MANAGER	8,526,382	9,762,188	9,484,136	278,052	2.8%
ADMINISTRATIVE SERVICES	7,668,978	8,529,882	7,851,098	678,784	8.0%
COMMUNITY DEVELOPMENT	11,797,196	13,614,196	11,777,003	1,837,193	13.5%
COMMUNITY SERVICES	33,511,414	38,424,168	37,179,281	1,244,887	3.2%
PUBLIC SAFETY	70,150,318	76,464,486	74,799,323	1,665,163	2.2%
PUBLIC WORKS	28,086,184	25,768,934	24,948,311	820,623	3.2%
TRANSPORTATION	-	3,022,452	2,688,835	333,617	11.0%
NON-DEPARTMENTAL	4,372,760	4,459,875	4,412,232	47,643	1.1%
TOTAL OPERATING EXPENDITURES	164,113,232	180,046,181	173,140,219	6,905,962	3.8%
TRANSFERS OUT	25,867,834	16,021,924	16,021,924	-	0.0%
TOTAL EXPENDITURES & USES	189,981,066	196,068,105	189,162,143	6,905,962	3.5%

STAFFING

The General Fund Staffing Expenditures table below shows prior year, adjusted budget and current year actual expenditures for each department. All salary related costs are projected on a pay period basis (i.e. total salary and benefits budget divided by 26, multiplied by the number of pay periods in each month), with adjustments made to account for the year-end payroll accrual, the timing of quarterly contributions to the Compensated Absences Fund and other expected irregular impacts associated with the annual payroll calendar. Overtime in the Administrative Services department was over the adjusted budget due to coverage of unfilled positions. Overtime in the Public Works department was over the adjusted budget due to after-hour service calls assisting the Public Safety department with accident clean-up, down trees, debris clean-up, etc., however overall salaries and benefits were under budget.

General Fund Staffing Expenditures

	Salaries & Benefits				Overtime			
	June YTD Prior Yr	June YTD Budget	June YTD Actual	Variance	June YTD Prior Yr	June YTD Budget	June YTD Actual	Variance
City Manager	5,608,705	6,136,723	6,049,597	87,126	2,944	10,090	3,068	7,022
Administrative Services	5,340,665	5,770,253	5,605,520	164,733	29,959	7,872	16,343	(8,471)
Community Development	8,024,087	8,122,871	7,508,522	614,349	19,919	37,889	20,297	17,592
Community Services	22,153,256	25,308,803	24,626,910	681,893	28,963	88,562	42,671	45,891
Public Safety	55,482,550	62,423,348	60,291,528	2,131,820	2,586,317	2,813,009	2,795,430	17,579
Public Works	11,969,929	11,876,749	11,517,284	359,465	85,183	65,820	78,199	(12,379)
Transportation *	-	2,559,620	2,400,003	159,617	-	11,131	9,987	1,144
TOTAL	108,579,192	122,198,367	117,999,364	4,199,003	2,753,285	3,034,373	2,965,995	68,378

* The Transportation department was combined with Public Works in prior years.

YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



VACANCIES AND RECRUITMENTS BY DEPARTMENT

The table below shows the number of authorized positions, vacant positions, and the vacancy rate by department as of June 30, 2018. The recruitment process is ongoing and the number of vacant positions fluctuates from month-to-month due to a variety of factors, including turnover and internal promotions. As noted in the table below, 160 positions have been filled through June. Of the 160 filled positions, 64 were internal promotions, which, in turn, created a new vacancy (or need for another recruitment).

Full-Time Vacancies by Department

Department	Authorized Positions	Vacant Positions	Vacancy Rate	June Separations	June YTD New Hires	June YTD Promotions	June YTD Total Filled
City Manager	42	2	7.14%		1	1	2
Administrative Services	61	1	8.20%		11	3	14
Community Development	114	3	4.39%	1	17	9	26
Community Services	127	2	2.36%		3	9	12
Public Safety	322	8	3.42%		45	28	73
Public Works	139	7	6.47%		17	12	29
Transportation	16	1	6.25%		2	2	4
TOTAL	821	24	2.92%	1	96	64	160

CITY MANAGER - 2

City Manager **
Great Park Director

ADMINISTRATIVE SERVICES - 1
Project Development Administrator

COMMUNITY DEVELOPMENT - 3
Permit Specialist I **
Senior Planner **
Supervising Transportation Analyst **

COMMUNITY SERVICES - 2
Community Services Supervisor (2)

PUBLIC SAFETY - 8
Animal Services Officer (2)
Forensic Specialist I **
Police Officer (2) ** (1)
Public Safety Dispatcher II (2) ** (1)
Special Assistant to Chief of Police **

PUBLIC WORKS - 7
Administrative Aide
Equipment Operator I
Facilities Maintenance Technician
Lead Landscape Maintenance Technician
Senior Management Analyst **
Street Maintenance Technician (2)

TRANSPORTATION - 1

Associate Transportation Analyst **

Vacancy rate represents a snapshot in time with variations attributed to employment transitions. Candidates in the academy or in the recruitment process are considered vacant positions

** Positions filled as of September 24, 2018.

Full-time Recruitments (24)	No.
Candidates Started or Selected	16
Recruitments in Progress	7
Pending Recruitments	1

YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



INFORMATION TECHNOLOGY

The table below is a summary from the FY 2017-18 Strategic Technology Plan. The IT budget is 69.8 percent spent as of June 2018. Included are actual expenditures through June 30, 2018.

Description	Prior Year Projects	Adopted Budget	Adjusted Budget	June YTD Actuals	Percent of Adj Budget
IT Outsourced Services (DXC)	-	4,073,972	4,073,972	3,914,501	96.1%
Projects	967,266	4,443,786	5,411,052	2,903,975	53.7%
Software/Hardware Maintenance	1,764,072	3,676,082	5,440,154	3,375,526	62.0%
Hardware Upgrades	536,906	1,277,970	1,814,876	770,457	42.5%
Telecomm	346,000	1,252,000	1,598,000	989,031	61.9%
Labor & Business Expenses	-	1,959,408	1,959,408	1,732,579	88.4%
Service Contracts	138,838	1,024,796	1,163,634	1,408,985	121.1%
Duplicating	362,516	1,010,000	1,372,516	833,521	60.7%
TOTAL	* 4,115,598	18,718,014	22,833,612	** 15,928,575	69.8%

* Increase in the Adjusted Budget is due to special fund year-end budget adjustments approved by City Council on November 14, 2017.

** Of the ending variance between Adjusted Budget and Actuals, \$2,445,980 was re-budgeted in the current FY 2018-19 budget and \$1,175,694 is requested as part of the year-end carryover report.

In addition, as directed by Council at the Council meeting on March 13, 2018, staff has prepared a Request for Proposals (RFP) for IT services and plans, which closed on October 1st. Staff is currently reviewing the responses.

Software maintenance was under budget due to the timing on large multi-year upgrade projects including the permitting system for Community Development, the dispatch and records management system upgrade for Public Safety and the Microsoft Enterprise licensing fees related to the upgrade to Office 365.

The variance for hardware upgrades includes funds budgeted for as-needed printer and copier replacements that were not utilized and technology upgrades for new and existing parks that were started, but not completed before year end.

Projects include contracted services that have been started but not completed including the dispatch and records management system for Public Safety, upgrade for computerized maintenance management system for Public Works, financial system upgrades and a wireless implementation study.

YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



The Information Technology Strategic Plan highlights six focus areas for the IT division and identifies key projects which align with those goals. The following table provides the status of the key active projects and planned implementation dates as of June 30, 2018.

Focus Areas / Projects	Budget	Status	Planning / Business Requirement	Implementation	Completed	Go Live
1. Mobility						
A. Work Order Management (Lucity)	*	30%		✓		12/31/18
B. Mobile Device Management	*	100%			✓	7/1/18
C. Wireless / Fiber Optic Plan & Implementation	\$346,000	15%		✓		7/1/18
D. City Mobile App	\$75,000	25%	✓			5/30/18
2. Security						
A. Information Security Plan	*	100%			✓	7/31/18
B. Security Assessment	\$120,000	100%			✓	7/31/18
3. Cloud Computing						
A. Microsoft Email O365	*	100%			✓	4/30/18
B. Microsoft Office 365	*	20%		✓		12/31/18
4. Disaster Recovery						
A. Data Center Consolidation (Public Safety)	*	100%			✓	9/29/17
B. Disaster Recovery Plan	*	15%	✓			12/31/18
5. Digitization and Data Analytics						
A. Cognos Business Intelligence (BI) / DM	\$144,210	100%			✓	9/1/17
B. ICTV Upgrade Plan	\$400,000	100%			✓	12/31/18
C. Recreation & Reservations System (CivicRec)	\$265,000	100%			✓	3/30/18
D. Document Management (OnBase)	\$163,000	100%			✓	3/30/18
E. Maintenance Management System	\$121,000	20%		✓		12/31/18
F. Permit Process Analysis	\$100,000	100%			✓	3/30/18
G. Land Use Database	\$85,000	100%			✓	11/16/17
6. Innovation						
A. Public Safety Records Management	\$450,000	10%	✓			7/31/20
B. Computerized Maintenance Management System (CMMS)	\$400,000	5%	✓			12/31/18

Completed	Resolving issues to achieve green status
On schedule	Requires corrective action plan to achieve green status

* Services are included in other projects/budgets.

YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



SPECIAL FUNDS

An update on key special funds, with balances as of June 30, 2018 is provided below.

Fund	Balance July 1, 2017	Balance June 30, 2018	Variance
Asset Management Plan (002)	44,115,749	43,550,781	(564,968)
Compensated Absences Fund (003)	5,551,392	6,516,473	965,081
Contingency Reserve Fund (006)	41,034,103	42,212,653	1,178,550
School Support Fund (007)	1,999,342	2,160,909	161,567
Infrastructure and Rehabilitation Fund (010)	22,523,499	16,863,816	(5,659,683)
Orange County Great Park Fund (180)	319,421,468	321,185,827	1,764,359

ASSET MANAGEMENT PLAN FUND (AMP) is the funding source for rehabilitation of City infrastructure, internal loans and liquidity, pay down for PERS unfunded liability, and reserves for natural disaster and other emergencies. The decrease of \$-564,968 is due to a budgeted \$7 million lump sum payment to CalPers to reduce the City's unfunded liability which is offset by increases from interest earnings, market value gains, PERS prepayment and rate savings and a partial repayment from the General Fund for the pension Liability Pay-Down Plan. Per current policy, the AMP fund will contribute 90 percent of its actual interest earnings towards rehabilitation of the City's infrastructure; this amount for FY 2017-18 was transferred to the Infrastructure and Rehabilitation Fund in October 2017.

COMPENSATED ABSENCES FUND is funding for anticipated payments for compensated absences due to retirements and terminations. The compensated absences fund is funded by departments paying a percentage of their salaries, sufficient to meet current payouts, plus a contribution to future liabilities.

CONTINGENCY RESERVE FUND is funding for unanticipated events or factors (including, but not limited to, economic downturn), which might require additional funding or appropriation. City Council's current goal is to bring the reserve fund up to 25 percent of adopted General Fund appropriations by FY 2018-19. As of June 30, 2018, the Contingency Reserve Fund is 22.2 percent of the FY 2018-19 General Fund appropriations.

SCHOOL SUPPORT FUND accounts for the City's direct financial support of Irvine Schools and Irvine students through the Educational Partnership Fund and Challenge Match Grant Programs.

INFRASTRUCTURE AND REHABILITATION FUND was created to provide for the accumulation and distribution of funds for City rehabilitation projects. The sources of revenue for this fund are interest earnings from the Asset Management Plan Fund and a budgeted allocation from the General Fund to provide additional funding for future City projects. The decrease of \$-5,659,683 was mainly due to a budgeted transfer to the General Fund to support new and existing capital projects.

YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



ORANGE COUNTY GREAT PARK FUND revenues were \$24,583,079 at the end of June, and are received from a variety of sources including development agreements, Community Facility District funding, grants, admissions and rent. Expenditures and transfers-out of \$22,818,720 consist of \$4,933,748 in salaries and benefits, \$4,818,912 in development and contract services, \$2,045,181 in other operating costs and \$11,020,879 in transfers-out. Other operating costs primarily consist of utility costs of \$436,895, internal service charges of \$750,230, insurance costs of \$171,623 and miscellaneous items of \$686,433. Transfers-out consist of a \$10,899,099 transfer to the Great Park Development fund for projects and a \$121,780 transfer to the General Fund. At the end of June, the recorded fund balance of \$321,185,827 was comprised of the following:

Department of Finance Settlement Agreement	\$	292,000,000
Less: Irvine Community Land Trust - 10 Percent	\$	<u>(29,200,000)</u>
Net Proceeds	\$	262,800,000 *
Rehabilitation Asset Management Plan Reserve	\$	3,412,656
Marine Way Deposit	\$	5,000,000
Available Fund Balance	\$	<u>49,973,171</u>
Fund Balance	\$	321,185,827

* These funds are reserved separately for future appropriation by the City Council. As of June 30, 2018, \$56,038,264 has been received to date from the Department of Finance. Below is an overview of the cash received-to-date from the Department of Finance Settlement Agreement as of June 30, 2018.

Cash Received from Settlement Payment	\$	56,038,264
Less: Irvine Community Land Trust - 10 Percent	\$	(5,603,826)
Less: Loan - IRWD Connection Fees	\$	<u>(5,400,000)</u>
Available Cash	\$	45,034,438

YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



YEAR-END SPECIAL FUNDS REPORT JUNE 30, 2018

Fund	Description	Beginning Fund Balance	Revenues	Expenses	Transfers In	Transfers Out	Ending Fund Balance
GENERAL FUND - SPECIAL FUNDS:							
001	GENERAL FUND	3,990,077	187,528,134	(173,140,219)	7,512,617	(16,021,924)	9,868,685
002	ASSET MANAGEMENT PLAN FUND	44,115,749	1,145,347	(7,000,000)	5,739,685	(450,000)	43,550,781
003	COMPENSATED ABSENCES FUND	5,551,392	2,478,126	(1,513,044)	-	-	6,516,473
005	DEVELOPMENT SERVICES FUND	706,272	3,323,247	(3,108,655)	-	(461,982)	458,881
006	CONTINGENCY RESERVE FUND	41,034,103	109,483	-	1,500,345	(431,278)	42,212,653
007	SCHOOL SUPPORT FUND	1,999,342	(3,173)	(3,835,260)	4,000,000	-	2,160,909
009	REVENUE CLEARING FUND	-	654,606	(654,606)	-	-	-
010	INFRASTRUCTURE & REHABILITATION	22,523,499	90,994	(160,637)	950,000	(6,540,041)	16,863,816
012	INNOVATION FUND	1,005,462	9,045	-	-	(850,000)	164,507
024	BUILDING & SAFETY FUND	4,301,313	13,198,094	(13,880,911)	-	(1,826,872)	1,791,623
027	DEVELOPMENT ENGINEERING FUND	1,744,959	1,136,012	(1,102,704)	-	(226,115)	1,552,152
	SUB-TOTAL	126,972,167	209,669,914	(204,396,036)	19,702,647	(26,808,212)	125,140,480

SPECIAL REVENUE FUNDS:

107	ROAD MAINT & REHAB ACCT RMRA	-	1,558,347	-	-	(1,000,748)	557,599
111	GAS TAX FUND	11,262,055	5,681,765	(3,301,227)	-	(2,840,817)	10,801,776
112	LOCAL PARK FEES FUND	111,160,687	7,518,460	-	-	(3,121,913)	115,557,235
113	FEES & EXACTIONS FUND	9,776,893	10,937,144	-	-	(6,601,600)	14,112,437
114	HOME GRANT	339,261	322,377	(417,727)	-	-	243,911
118	SYSTEMS DEVELOPMENT FUND	21,401,872	14,373,696	(175,435)	-	(8,762,212)	26,837,921
119	LIGHTING, LANDSCAPE & PARK MNT	1,617,430	12,219,389	(16,900,097)	4,303,674	-	1,240,396
125	COMM DEVELOP BLOCK GRANT FUND	-	1,254,509	(1,181,419)	-	-	73,090
126	SENIOR SERVICES FUND	670,324	171,270	(29,330)	200	-	812,465
128	OFFICE ON AGING PROGRAMS FUND	102,292	611,031	(590,218)	-	-	123,105
130	AB2766 - AIR QUALITY IMPROVMNT	627,906	345,492	(293,305)	-	(229,585)	450,508
132	SLURRY SEAL SUR CHG FUND	1,239,705	356,064	(5,450,957)	5,450,957	-	1,595,769
136	PS SPECIAL SERVICES FUND	88,576	674,522	(668,724)	-	-	94,374
139	SUPPL LAW ENFORCEMENT SERVICES	594,475	645,423	(458,682)	-	-	781,216
143	PUBLIC SAFETY GRANTS	620,581	412,438	(532,994)	-	-	500,025
145	STRUCTURAL FIRE FUND	-	43,373	(43,373)	-	-	-
146	I SHUTTLE	817,543	24,475	(12,600)	47,459	-	876,877
149	SPECIAL PROGRAM GRANTS	54,439	1,231,843	(1,110,240)	-	-	176,042
151	ASSET FORFEITURE JUSTICE DEPT	1,419,975	18,765	(295,960)	-	-	1,142,780
152	ASSET FORFEITURE TREASURY DEPT	3,670	14,241	-	-	-	17,911
153	ASSET FORFEITURE STATE FUND	224,167	23,351	-	-	-	247,519
154	RENEWED MEASURE M2 FAIR SHARE	2,159,451	4,715,801	(320,749)	-	(4,818,245)	1,736,257
155	COMMUNITY SERVICES PROGRAMS	697,906	355,144	(414,781)	-	(200)	638,068
180	ORANGE COUNTY GREAT PARK	319,421,468	24,583,079	(11,797,841)	-	(11,020,879)	321,185,827
	SUB-TOTAL	484,300,676	88,091,999	(43,995,658)	9,802,291	(38,396,199)	499,803,108

YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



YEAR-END SPECIAL FUNDS REPORT JUNE 30, 2018

Fund	Description	Beginning Fund Balance	Revenues	Expenses	Transfers In	Transfers Out	Ending Fund Balance
CAPITAL PROJECTS FUNDS:							
204	CFD 2013-3 GREAT PARK	83,033,369	2,380,655	(65,023,653)	66,732,588	(66,732,588)	20,390,371
205	CFD 2004-1 IMP CENTRAL PARK	4,657,322	2,701,726	(1,895,904)	1,132,435	(1,132,435)	5,463,145
206	AD 84-6/89-10 WESTPARK	1,424,705	16,310	(196)	-	-	1,440,819
207	AD 85-7 SPECTRUM 1, 3 & 4	1,347,894	9,553	(1,338,927)	-	-	18,521
208	AD 87-8 SPECTRUM 5 NORTH	5,635	68	(500)	-	-	5,203
213	AD 94-13 OAKCREEK	311,948	4,995	(293,864)	-	-	23,080
214	AD 93-14 SPECTRUM 6 & 7	16,489,367	248,868	(1,369,253)	-	-	15,368,981
215	AD 97-16 NORTHWEST IRVINE	16,395,233	256,016	(69,899)	-	-	16,581,350
216	AD 97-17 LOWER PETERS CANYON	30,065,771	458,222	(165,734)	-	-	30,358,259
217	AD 00-18 SHADY CNYN/TURTLE RDG	5,438,079	29,818	-	-	-	5,467,897
218	AD 03-19 NORTHERN SPHERE	7,145,778	71,635	(6,885,208)	-	-	332,205
219	AD 04-20 PORTOLA SPRINGS	9,856,539	129,157	(5,365,184)	-	-	4,620,512
220	AD 05-21 ORCHARD HILLS	6,502,993	17,231,591	(4,804,624)	-	-	18,929,961
221	AD 07-22 STONEGATE	1,904,323	10,754	(128,176)	-	-	1,786,902
223	AD 10-23 LAGUNA ALTURA	3,323,019	31,363	(1,961,762)	-	-	1,392,620
224	AD 11-24 CYPRESS VILLAGE	9,037,880	87,428	(9,001,805)	-	-	123,504
225	AD 13-25 EASTWOOD	2,715,566	33,338	(511,960)	-	-	2,236,945
250	CAPITAL IMPROV PROJ FUND - CIR	30,161,536	2,045,305	(8,081,846)	6,428,947	-	30,553,942
254	RAILROAD GRADE SEPARATION	231,525	448,592	-	-	-	680,116
260	CAPITAL IMPROV PROJ-NON CIRC	14,836,451	588,518	(5,148,696)	11,867,902	(66,370)	22,077,805
262	COL BILL BARBER MC MEMORIAL PK	249,435	706	-	-	-	250,141
270	NORTH IRVINE TRANSP MITIGATION	101,404,414	3,189,387	(434,787)	-	-	104,159,015
271	IRVINE BUSINESS COMPLEX	83,300,801	7,997,829	(526,685)	-	-	90,771,945
272	IBC TRANSPORTATION MGMT PROG	98,564	430	-	-	(47,459)	51,535
282 ^A	FEE DISTRICT NO. 92-1	(390,022)	105	-	-	-	(389,917)
286	GREAT PARK DEVELOPMENT FUND	3,954,181	(27,831)	(15,180,224)	18,115,020	-	6,861,146
SUB-TOTAL		433,502,308	37,944,540	(128,188,885)	104,276,893	(67,978,853)	379,556,003
INTERNAL SERVICE FUNDS:							
501	INVENTORY	153,092	325,863	(330,098)	-	-	148,858
570	INSURANCE FUND	3,035,611	5,943,452	(6,916,609)	-	(200,000)	1,862,453
574	FLEET SERVICES FUND	11,239,364	4,254,782	(4,688,809)	76,500	-	10,881,838
578	MAIL & PRINT INTERNAL SERVICES	1,587,640	607,453	(631,902)	-	(496,958)	1,066,233
579	STRATEGIC TECHNOLOGY PLAN FUND	6,420,096	16,644,269	(15,928,575)	1,346,958	(1,321,648)	7,161,099
580	CIVIC CTR MAINT & OPERATIONS	1,331,452	1,491,415	(1,700,580)	-	(3,419)	1,118,868
SUB-TOTAL		23,767,254	29,267,235	(30,196,573)	1,423,458	(2,022,025)	22,239,349

A - Reimbursement due to developer for fire station #6 from fees collected within the district.

YEAR-END BUDGET UPDATE

CITY OF IRVINE - JUNE 2018



YEAR-END SPECIAL FUNDS REPORT JUNE 30, 2018

Fund	Description	Beginning Fund Balance	Revenues	Expenses	Transfers In	Transfers Out	Ending Fund Balance
ASSESSMENT DISTRICTS & CFD'S:							
714	REASSESSMENT 12-1 FIXED RATE	(401,625)	13,587,604	(13,185,978)	-	-	-
715	AD 13-25 FIXED RATE	(107,997)	1,468,872	(1,360,875)	-	-	-
716	RAD 13-1 FIXED RATE	(218,204)	7,687,603	(7,469,399)	-	-	-
717	RAD 04-20 PORTOLA SPR VAR RT A	4,889	550,495	(555,384)	-	-	-
718	RAD 05-21 ORCHARD HLS VAR RT	(9,141)	655,717	(646,576)	-	-	-
719	REASSESSMENT 85-7A VARIABLE RT	(7,865)	2,823,730	(2,815,865)	-	-	-
720	RAD 04-20 G2 FIXED RATE	-	-	-	-	-	-
721	AD00-18 SHADY CNYN&TURLT ROCK	(12,188)	200,434	(188,246)	-	-	-
723	AD03-19 WOODBURY SER B VAR RT	(7,255)	469,067	(461,811)	-	-	-
724	AD 07-22 STONEGATE VAR RT A	179,497	11,248	(190,746)	-	-	-
725	AD10-23 SER A FR-LAGUNA ALTURA	-	-	-	-	-	-
726	AD10-23 SERIES B FR LAGUNA ALT	(14,039)	914,911	(900,872)	-	-	-
727	AD07-22 GROUP 3 FIXED RATE	-	-	-	-	-	-
728	AD07-22 GROUP 1 FIXED RATE	-	-	-	-	-	-
729	AD07-22 GROUP 2 FIXED RATE	-	-	-	-	-	-
730	11-24 FIXED RT CYPRESS VILLAGE	(187,347)	11,562,434	(11,375,087)	-	-	-
731	AD07-22 GROUP 4 FIXED RATE	(73,441)	2,488,409	(2,414,968)	-	-	-
732	RAD 04-20 GROUP 3 FIXED RATE	(21,522)	794,072	(772,550)	-	-	-
734	RAD 11-1 FIXED RATE	-	-	-	-	-	-
735	AD03-19 WOODBURY SER A VAR RT	(7,251)	411,087	(403,836)	-	-	-
744	CFD 2013-3 GREAT PARK	(563,400)	10,565,394	(10,001,994)	-	-	-
745	CFD 2005-2R COLUMBUS GROVE SP	(9,730)	1,126,221	(1,116,492)	-	-	-
746	CFD 2004-1 CENTRAL PARK	2,456,160	1,379,422	(3,835,582)	1,164,274	(1,164,274)	-
760	AD87-8 ICD/BAKE PKWY DEBT SVC	(3,557)	301,839	(298,282)	-	-	-
766	RAD 05-21 G3 FIXED RATE	(2,137,344)	19,495,490	(17,358,146)	-	-	-
767	AD94-15 WESTPARK II SERIES A	(22,242)	744,561	(722,319)	-	-	-
770	REASSESSMENT DIST 05-21 G2 FR	492,986	19,769	(512,755)	-	-	-
771	AD97-16 NORTHWEST IRVINE VARI	(12,998)	520,610	(507,612)	-	-	-
772	RAD 15-1 FIXED RATE	37,979	6,258,637	(6,296,617)	-	-	-
773	RAD 15-2 FIXED RATE	(107,782)	4,039,968	(3,932,186)	-	-	-
774	AD94-13 VARIABLE RT-OAKCREEK	(67,724)	519,107	(451,383)	-	-	-
775	AD97-17 LOWER PETERS CYN EAST	(2,130)	749,895	(747,765)	-	-	-
776	AD93-14 SPECT 6N/SPECT 7	(108,108)	1,223,513	(1,115,405)	-	-	-
777	RAD 05-21 G1 FIXED RATE	(91,942)	5,110,715	(5,018,773)	-	-	-
778	RAD 04-20 G4 FIXED RATE	(20,699)	961,201	(940,502)	-	-	-
779	RAD 04-20 G5 FIXED RATE	(45,452)	874,313	(828,861)	-	-	-
780	RAD 04-20 G6 FIXED RATE	1,166,189	57,248	(1,223,437)	-	-	-
781	INTERAGENCY CUSTODIAL FUND	-	-	-	-	-	-
791	REDEVELOPMENT OBLIGN RET	973,331	4,137,265	(4,020,369)	-	-	1,090,227
792	SUCCESSOR AGENCY DEBT SVC	-	27,527	-	-	-	27,527
SUB-TOTAL		1,050,050	101,738,378	(101,670,674)	1,164,274	(1,164,274)	1,117,754

City of Irvine
Fiscal Year 2016-17 Year-End Summary
GENERAL FUND

<u>FY 2017-18 Beginning Balance July 1, 2017</u>		<u>\$3,990,077</u>
FY 2017-18 Actual Results		
General Fund Operating Revenues	\$187,528,134	
Transfers-In	7,512,617	
Revenues & Transfers-In Total		195,040,751
General Fund Operating Expenditures	(173,140,219)	
Transfers-Out	(16,021,924)	
Expenditures & Transfers-Out Total		(189,162,143)
<u>Total Year-End Balance June 30, 2018</u>		<u>\$9,868,685</u>

<u>Total Year-End Balance June 30, 2018</u>		<u>\$9,868,685</u>
Reservations & Prior Allocations		
Reservations	(\$75,549)	
		(\$75,549)
Prior City Council Actions/Direction		
Pension Prepayment Savings to Asset Management Plan (CC Meeting 6/25/13)	(1,448,874)	
Accelerated Pension Liability Pay-Down for FY17-18 (CC Meeting 6/25/13)	(1,000,000)	
Contingency Reserve Repayment	(2,112,000)	
		(4,560,874)
<u>FY 2017-18 Unallocated Year-End Balance</u>		<u>\$5,232,262</u>

<u>FY 2017-18 Unallocated Year-End Balance</u>		<u>\$5,232,262</u>
City Manager's Year-End Fund Balance Recommendations		
Expenditures		
One-time Contribution to Accelerated Pension Liability Pay-down	(4,161,888)	
Accelerated Pension Liability Pay-Down for FY16-17 (CC Meeting 6/25/13)	(1,000,000)	
Open Purchase Orders	(70,374)	
Total City Manager's Recommendations		(\$5,232,262)
<u>FY 2018-19 Net Year-End Balance</u>		<u>\$0</u>

City of Irvine
General Fund Revenue Summary by Budget Category
For the Fiscal Year Ended June 30, 2018

Type	Revenue Code	Description	Adjusted Budget	Revenues Year-To-Date	Unrealized Balance	Percent Realized
210	3001	Secured Property Tax	17,697,000	17,727,631	(30,631)	100.2%
210	3002	Unsecured Property Tax	530,000	580,652	(50,652)	109.6%
210	3003	Homeowner Relief	105,000	104,116	884	99.2%
210	3004	No-Low TEA Property Tax	20,482,000	21,095,110	(613,110)	103.0%
210	3006	Supplemental Property Tax	446,000	573,722	(127,722)	128.6%
210	3009	RDA Pass Thru	135,000	177,955	(42,955)	131.8%
210	3101	Property Tax in Lieu of VLF	24,073,000	24,790,014	(717,014)	103.0%
220	3010	Sales Tax-Prop 172	400,000	314,037	85,963	78.5%
220	3011	Sales Tax	63,864,000	63,539,410	324,590	99.5%
225	3012	Documentary Transfer Tax	4,000,000	4,631,011	(631,011)	115.8%
230	3013	Hotel Tax TOT	14,666,000	14,883,338	(217,338)	101.5%
235	3014	Utility Users Tax-Electric	3,644,000	3,244,984	399,016	89.1%
235	3015	Utility Users Tax-Gas	196,000	213,033	(17,033)	108.7%
235	3016	Utility Users Tax-Phone	779,000	1,128,965	(349,965)	144.9%
235	3018	Utility Users Tax-Alt Max Pay	175,000	175,000	-	100.0%
245	3021	Franch Tax-So Cal Edison	4,343,000	3,737,314	605,686	86.1%
245	3022	Franch Tax-So Cal Gas	642,000	591,069	50,931	92.1%
245	3023	Franch Tax-Comm Cablevision	3,013,000	3,175,252	(162,252)	105.4%
245	3024	Exclusive Franch Fee-Refuse	655,000	692,567	(37,567)	105.7%
245	3028	Franch Tax-General	5,000	5,149	(149)	103.0%
245	3053	Nonexclusive Franch Fee-Refuse	560,000	1,025,600	(465,600)	183.1%
250	3051	Animal Licenses	260,000	229,099	30,901	88.1%
250	3052	Business Permits	100,000	128,014	(28,014)	128.0%
255	3151	Traffic Fines	1,206,428	1,076,576	129,852	89.2%
255	3152	General City Fines	130,033	157,492	(27,459)	121.1%
255	3154	False Alarm Fines	145,160	180,570	(35,410)	124.4%
259	3201	State Motor Vehicle In Lieu	105,000	140,590	(35,590)	133.9%
260	3212	Grants-County	165,870	170,739	(4,869)	102.9%
260	3232	FEMA Prior Year Reimbursement	-	228,306	(228,306)	0.0%
260	3256	Waste Recycle AB939 Education	40,000	58,003	(18,003)	145.0%
260	3360	Landfill Host Fee	2,858,308	3,764,777	(906,469)	131.7%
260	3594	Post Reimbursements	36,466	26,098	10,368	71.6%
260	3932	PS Training	-	454	(454)	0.0%
262	3306	Miscellaneous Inspection	6,000	5,205	795	86.7%
262	3320	Traffic Signal Inspection Fees	10,000	45,843	(35,843)	458.4%
262	3328	USA Alert Fees-Landscape	1,000	55	945	5.5%
262	3329	USA Alert Fees-Traffic	10,000	18,857	(8,857)	188.6%
262	3341	Current Planning Revenue	295,000	301,051	(6,051)	102.1%
262	3363	Automation Fee Account	-	(77)	77	0.0%
265	3401	Contract Class Programs	2,754,500	2,485,741	268,759	90.2%
265	3403	Facility-Equipment Rent	1,387,308	1,299,492	87,816	93.7%
265	3404	Special Events	88,000	98,497	(10,497)	111.9%
265	3405	Commissions-Vending Non-Taxabl	9,400	11,335	(1,935)	120.6%
265	3407	Safety Education Programs	18,600	5,876	12,724	31.6%
265	3410	Admissions	146,500	180,769	(34,269)	123.4%
265	3412	Transportation	38,000	35,103	2,897	92.4%
265	3413	Reimbursement Fees	412,750	462,350	(49,600)	112.0%
265	3414	Child Services	2,639,953	3,171,405	(531,452)	120.1%
265	3415	NSF Fees	400	450	(50)	112.5%
265	3420	Recreation Programs	1,292,007	1,371,357	(79,350)	106.1%
265	3421	Softball	370,000	307,454	62,546	83.1%
265	3422	Gym Leagues	240,000	266,005	(26,005)	110.8%
265	3423	Soccer	320,000	275,505	44,496	86.1%

City of Irvine
General Fund Revenue Summary by Budget Category
For the Fiscal Year Ended June 30, 2018

Type	Revenue Code	Description	Adjusted Budget	Revenues Year-To-Date	Unrealized Balance	Percent Realized
265	3450	Processing Fees	13,000	14,789	(1,789)	113.8%
265	3451	Refund Fee	4,250	2,902	1,348	68.3%
265	3461	Tennis	1,835,000	1,712,574	122,426	93.3%
265	3492	Advertising-Brochures	164,000	131,001	32,999	79.9%
265	3498	Merchandise Sales Net of Tax	28,800	17,365	11,435	60.3%
265	3499	Memberships	40,000	49,951	(9,951)	124.9%
280	3252	Sponsorship Revenue	40,000	42,950	(2,950)	107.4%
280	3380	Interfund Services Provided	300,000	276,923	23,077	92.3%
280	3459	Animal Services Adoptions	225,000	246,433	(21,433)	109.5%
280	3490	Gross Taxable Sales	-	5,337	(5,337)	0.0%
280	3511	Booking Fees	48,442	96,232	(47,790)	198.7%
280	3517	Maintenance Agreement	10,820	17,429	(6,609)	161.1%
280	3606	Micro Filming Fees	37,000	54,646	(17,646)	147.7%
280	3620	Bank Card and ATM Fees	2,400	81,897	(79,497)	3412.4%
280	3622	Animal Service Impounds	50,000	47,985	2,015	96.0%
280	3624	Animal Services Fees	4,525	6,300	(1,775)	139.2%
280	3626	Bus Stop Shelter Fees	250,000	225,847	24,153	90.3%
280	3685	Recovered Staff Costs	562,436	465,495	96,941	82.8%
285	3480	Cash Over and Short	-	6,021	(6,021)	0.0%
285	3494	Donations	5,150	15,614	(10,464)	303.2%
285	3596	DUI Cost Recovery Revenue	39,917	73,550	(33,633)	184.3%
285	3599	Misc Public Safety Revenue	71,782	156,560	(84,778)	218.1%
285	3601	Sale of Property	29,523	28,418	1,105	96.3%
285	3602	Sale of Printed Material	9,000	7,947	1,053	88.3%
285	3610	Prior Year Recovered Expendits	-	79,238	(79,238)	0.0%
285	3611	Current Year Recovered Expend	26,984	52,426	(25,442)	194.3%
285	3612	Prior Year Revenue	-	85,997	(85,997)	0.0%
285	3614	Utility Rebates-Refunds	10,000	37,013	(27,013)	370.1%
285	3618	SB 90 Reimbursement Revenue	-	66,344	(66,344)	0.0%
285	3621	Miscellaneous	87,100	96,987	(9,887)	111.4%
285	3627	TIC Spectrum Median Reim Agrmt	45,000	39,756	5,244	88.3%
285	3631	Interest	-	(13,146)	13,146	0.0%
285	3632	Rent	871,030	755,120	115,910	86.7%
285	3638	Delinquencies-Penalty-Late Fee	50,000	51,055	(1,055)	102.1%
285	3647	Lobbyist Fees	2,000	2,821	(821)	141.1%
285	3670	Market Value Gain-Loss	-	(139,400)	139,400	0.0%
295	3026	Hotel Improvement District	3,666,500	3,720,835	(54,335)	101.5%
		TOTAL REVENUES	184,026,342	187,528,134	(3,501,792)	101.9%
300	7005	Trans In-Development Svcs	638,414	461,981	176,433	72.4%
300	7006	Trans In-Economic Uncertainty	431,278	431,278	-	100.0%
300	7010	Trans In-Rehabilitation Fund	4,200,000	4,200,000	-	100.0%
300	7024	Trans In-Build-Safety Fund	2,166,953	1,826,872	340,081	84.3%
300	7027	Trans In-Developmt Eng Fund	492,000	226,115	265,885	46.0%
300	7136	Trans In-PS Special Services	32,875	-	32,875	0.0%
300	7180	Trans In-OCGPC	100,000	100,000	-	100.0%
300	7260	Trans In-Cap Imp Proj-Non Crc	66,370	66,370	-	100.0%
300	7570	Trans In-Insurance Fund	200,000	200,000	-	100.0%
		TOTAL TRANSFERS-IN	8,327,890	7,512,616	815,274	90.2%
		TOTAL REVENUES & TRANSFERS-IN	192,354,232	195,040,749	(2,686,518)	101.4%

GENERAL FUND - FY17-18 TO FY18-19 YEAR-END REPORT

YEAR-END PURCHASE ORDER REQUEST

DEPT	FUND	GLKEY	OBJECT	VENDOR	DESCRIPTION	AMOUNT	JUSTIFICATION
RECORDS	001	0101110799	4310	MATRIX IMAGING PRODUCTS, INC.	IMAGING OF CITY RECORDS	\$ 70,374	WORK IN PROGRESS
						<u>\$ 70,374</u>	



CITY OF IRVINE BUDGET ADJUSTMENT REQUEST FORM

Department: _____

Requestor: _____

 Finance Comm. Date: **November 5, 2018**

 City Council Date: **November 27, 2018**
Approval Exception (A - O): _____

(see Financial Policies - Budget Adjustment)

 Reason Code: **0013** Year End Fund Balance

Finance Use Only - Batch Record Number

GL _____

JL _____

Posting Date _____

Posted by _____ /date

Explanation for Request:

Budget adjustment to implement Fiscal Year 2017-18 General Fund Year-End Report. Recommendation #1 to transfer FY 2017-18 pension prepayment savings of \$1,448,874 and the \$1,000,000 annual payment for FY17-18 to the Asset Management Plan fund. In addition, to transfer \$2,112,000 to the Contingency Reserve fund in accordance with the FY 2018-19 Adopted Budget.

Approvals:
Department Approval _____ Date _____

Budget Office Approval _____ Date _____

Fiscal Services Approval _____ Date _____

City Manager Approval _____ Date _____

REVENUES AND TRANSFERS-IN

Fund #	Account Number				Amount
	GL		JL		
	Org Key	Object Code	Job Key	Object Code	Increase or (Decrease)
002	0291591599	7001			2,448,874.00
006	9891591599	7001			2,112,000.00
Subtotal					4,560,874.00

EXPENDITURES AND TRANSFERS-OUT

Fund #	Account Number					Amount
	GL		JL			Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code		
001	0191591599	8002				2,448,874.00
001	0191591599	8006				2,112,000.00
				</		

CHANGE TO FUND BALANCE

Fund #	Account Number				Amount
	GL		JL		
	Org Key	Object Code	Job Key	Object Code	Increase or (Decrease)
001	0100000099	2001			(4,560,874.00)
002	0200000099	2001			2,448,874.00
006	9800000099	2001			2,112,000.00
Subtotal					0.00

No Change In Fund Balance



CITY OF IRVINE BUDGET ADJUSTMENT REQUEST FORM

Department: _____
Requestor: _____

Finance Comm. Date: **November 5, 2018**
City Council Date: **November 27, 2018**

Approval Exception (A - O): _____
(see Financial Policies - Budget Adjustment)

Reason Code: **0013** Year End Fund Balance

<i>Finance Use Only - Batch Record Number</i>	
GL	
JL	
Posting Date	
Posted by	/date

Explanation for Request:

Budget adjustments to implement Fiscal Year 2017-18 General Fund Year-End Report. Recommended action #2, allocation from the General Fund Balance for an additional one-time contribution of \$4,161,888 to the unfunded pension liability.

Approvals:

Department Approval _____ Date _____

Budget Office Approval _____ Date _____

Fiscal Services Approval _____ Date _____

City Manager Approval _____ Date _____

REVENUES AND TRANSFERS-IN

Fund #	Account Number				Amount
	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
002	0291591599	7001			4,161,888.00
Subtotal					4,161,888.00

EXPENDITURES AND TRANSFERS-OUT

Fund #	Account Number				Amount
	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
001	0191591599	8002			4,161,888.00
002	0290112299	4050			4,161,888.00
Subtotal					8,323,776.00

CHANGE TO FUND BALANCE

Fund #	Account Number				Amount
	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
001	0100000099	2001			(4,161,888.00)
002	0200000099	2001			4,161,888.00
Subtotal					0.00

Fund Balance Entry Required



CITY OF IRVINE BUDGET ADJUSTMENT REQUEST FORM

Department: _____
Requestor: _____

Finance Comm. Date: **November 5, 2018**
City Council Date: **November 27, 2018**

Approval Exception (A - O): _____
(see Financial Policies - Budget Adjustment)

Reason Code: **0013** Year End Fund Balance

Finance Use Only - Batch Record Number	
GL	_____
JL	_____
Posting Date	_____
Posted by	_____ /date

Explanation for Request:

Budget adjustment to implement Fiscal Year 2017-18 General Fund Year-End Report. Recommendation #3 to transfer \$1,000,000 annual payment for FY16-17 to the Asset Management Plan fund. In FY 2016-17, funds were not available, therefore the \$1 million repayment was not allocated.

Approvals:

Department Approval _____ Date _____

Budget Office Approval _____ Date _____

Fiscal Services Approval _____ Date _____

City Manager Approval _____ Date _____

REVENUES AND TRANSFERS-IN

Fund #	Account Number				Amount
	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
002	0291591599	7001			1,000,000.00
Subtotal					1,000,000.00

EXPENDITURES AND TRANSFERS-OUT

Fund #	Account Number				Amount
	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
001	0191591599	8002			1,000,000.00
Subtotal					1,000,000.00

CHANGE TO FUND BALANCE

Fund #	Account Number				Amount
	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
001	0100000099	2001			(1,000,000.00)
002	0200000099	2001			1,000,000.00
Subtotal					0.00

No Change In Fund Balance



CITY OF IRVINE BUDGET ADJUSTMENT REQUEST FORM

Department: _____
Requestor: _____

Finance Comm. Date: **November 5, 2018**
City Council Date: **November 27, 2018**

Approval Exception (A - O): _____
(see Financial Policies - Budget Adjustment)

Reason Code: **0013** Year End Fund Balance

<i>Finance Use Only - Batch Record Number</i>	
GL	_____
JL	_____
Posting Date	_____
Posted by	_____/date

Explanation for Request:

Budget adjustment to implement Fiscal Year 2017-18 General Fund Year-End Report. Recommendation #4 regarding allocation of General Fund balance for outstanding encumbrances and Purchase Orders that were not completed by end of the fiscal year.

Approvals:

Department Approval _____ Date _____

Budget Office Approval _____ Date _____

Fiscal Services Approval _____ Date _____

City Manager Approval _____ Date _____

REVENUES AND TRANSFERS-IN

Fund #	Account Number					Amount
	GL		JL			Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code		
Subtotal						0.00

EXPENDITURES AND TRANSFERS-OUT

Fund #	Account Number					Amount
	GL		JL			Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code		
001	0101110799	4310	7180011012			70,374.00
Subtotal						70,374.00

CHANGE TO FUND BALANCE

Fund #	Account Number				Amount
	GL		JL		
	Org Key	Object Code	Job Key	Object Code	
	Increase or (Decrease)				
001	0100000099	2001			(70,374.00)
Subtotal					(70,374.00)

Fund Balance Entry Required

1.13



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: November 27, 2018

TITLE: COOPERATIVE AGREEMENT WITH ORANGE COUNTY
TRANSPORTATION AUTHORITY TO ADMINISTER THE
ORANGE COUNTY TAXI ADMINISTRATION PROGRAM



Deputy City Manager



City Manager

RECOMMENDED ACTION

Authorize the City Manager to execute the Cooperative Agreement with the Orange County Transportation Authority for the administration of the Orange County Taxi Administration Program, effective January 1, 2019 through December 31, 2020.

EXECUTIVE SUMMARY

With Governor Brown's signing of taxi regulation legislation AB 1069 in October 2017, the Orange County Taxi Administration Program (OCTAP), as it exists today, cannot continue. In addition, taxi permit revenues have steadily declined with the addition of for-hire transportation network companies (TNC) such as Lyft and Uber. Since 2016, the Orange County Transportation Authority has been collaborating with the Orange County City Managers Association (OCCMA) and Orange County taxi industry stakeholders to identify a financially sustainable future for OCTAP.

On October 22, 2018, the OCTA Board of Directors approved a cooperative agreement with Orange County cities and the County of Orange for the administration of the OCTAP from January 1, 2019 through December 31, 2020. OCTA has requested member agency approval of the cooperative agreement by December 31, 2018 (Attachment 1). Irvine's proportional cost is \$8,100 for January-June 2019, and approximately \$19,500 for FY 2019-20 (Attachment 2).

State law requires regulation of the taxi industry. Centralizing this function through OCTAP enables greater consistency, enhances efficiency, and assists in keeping costs lower for individual cities. Services provided by OCTAP include driver background checks, Department of Motor Vehicles records checks, drug and alcohol testing, insurance compliance, vehicle inspections, conducting meetings, hearings and permit processing.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not Applicable

ANALYSIS

Background

OCTAP was formed in 1998 to consolidate the licensing, application and administrative functions of taxi regulation, assisting the County of Orange and its 34 cities meet its statutory obligations. Each agency adopted and enforced OCTAP regulations in their respective jurisdictions, by the Public Safety Department for Irvine. Since its inception, OCTAP was designed to be funded entirely through permit and license fees collected from taxi operators and drivers. With the arrival of for-hire transportation network companies (TNC), such as Uber, Lyft, and others, the marketplace has greatly reduced the number of taxi permits in the County. Regulated by the California Public Utilities Commission, ridesharing companies have not been required to meet the same demands placed on taxi companies for permits.

Decline in Taxi Service Permit Revenue

The declining taxi permit revenue created a financially unsustainable condition for OCTAP as currently funded. In 2016, OCTA provided a one-year notice to member agencies pursuant to the interagency agreements, including Irvine, that OCTA only had sufficient funds to continue administering OCTAP through June 2017. In May 2017, OCCMA recommended that member agencies cover the funding shortfall for OCTAP administration. OCTAP invoiced member agencies on a population-based cost-sharing basis for costs needed to cover this funding gap and continue the operation of the OCTAP program through 2018. Irvine's portion was \$12,584.70 for July 1 through December 31, 2018.

Legislative Changes

In 2017, Governor Brown signed into law Assembly Bill 1069, intending to make taxi companies more competitive in the for-hire transportation market by reducing the required number of permits a taxi operator would be required to obtain. The impact to Orange County taxi companies is minimal, however, because the OCTAP streamlined model already required operators to obtain only one permit.

The more significant change of AB 1069 is the requirement that, effective January 1, 2019, a taxi operator must obtain a permit from the city or county in which the operator is "substantially located." The law defines "substantially located" as the "jurisdiction where the primary business address of the company or driver is located."

Two-Year OCTAP Agreement

Following discussions between OCTA, OCCMA, and OCTAP stakeholders, all OCTAP member agencies unanimously agreed to request that OCTA continue to administer OCTAP beginning January 1, 2019, for an initial term of two years. The term may be extended upon agreement among the parties. In addition, estimated costs for all

participating agencies were agreed upon using the same population-based cost-sharing model (Attachment 2). The City of Irvine's cost is estimated at \$8,100 for the balance of the fiscal year, January- June 30, 2019, and approximately \$19,500 for FY 2019-20. The City Attorney's office reviewed and approved the OCTAP agreement.

The OCTA Board approved the Cooperative Agreement at its October 22, 2018 meeting. OCTA has requested that interested agencies execute the agreement prior to January 1, 2019. OCTA advises that should an agency decide not to enter into this agreement or delay action, they do so at their own risk with respect to meeting state law requirements.

Next Steps – Develop Regulations

With OCTA Board approval, OCTA will take steps necessary to continue to administer OCTAP on behalf of the member agencies for two years, beginning January 1, 2019. In the coming months, OCTA will work with member agencies and the taxi industry on exactly what a newly structured OCTAP will look like. There is a strong desire in the taxi industry to level the regulatory playing field for TNCs. However, taxis are regulated under different state laws and, therefore, are governed by different requirements. There is also a strong desire by OCTAP member agencies to reduce or eliminate outside costs to support OCTAP. It may be possible within the two-year period that greater efficiencies can be achieved, thus potentially lowering costs. As now, each agency remains responsible for enforcing the regulations in their respective areas.

ALTERNATIVES

The City can elect to regulate taxis within its jurisdiction independently. This would be more costly than consolidating County efforts through the OCTA.

FINANCIAL IMPACT

OCTAP costs were only budgeted for the first six months of the approved fiscal year budget in anticipation that the program would end on December 31, 2018. The estimated cost for January-June 2019 is \$8,100, which can be covered in the existing budget. The FY 2019-20 Public Safety budget will include the estimated \$19,497 cost (Attachment 2).

REPORT PREPARED BY: Michelle Grettenberg, Deputy City Manager

ATTACHMENTS

Attachment 1: OCTAP Cooperative Agreement
Attachment 2: Estimated Cost Sharing

1 COOPERATIVE AGREEMENT NO. C-8-2015

2 BETWEEN

3 ORANGE COUNTY TRANSPORTATION AUTHORITY

4 AND

5 THE CITIES OF ALISO VIEJO, ANAHEIM, BREA, BUENA PARK, COSTA MESA, CYPRESS, DANA
6 POINT, FOUNTAIN VALLEY, FULLERTON, GARDEN GROVE, HUNTINGTON BEACH, IRVINE,
7 LAGUNA BEACH, LAGUNA HILLS, LAGUNA NIGUEL, LAGUNA WOODS, LA HABRA, LAKE
8 FOREST, MISSION VIEJO, LA PALMA, LOS ALAMITOS, NEWPORT BEACH, ORANGE,
9 PLACENTIA, RANCHO SANTA MARGARITA, SAN CLEMENTE, SAN JUAN CAPISTRANO,
10 SANTA ANA, SEAL BEACH, STANTON, TUSTIN, VILLA PARK, WESTMINSTER, YORBA LINDA,
11 AND THE COUNTY OF ORANGE
12

13 THIS COOPERATIVE AGREEMENT (Agreement), is effective this 1st day of January, 2019, by
14 and between the Orange County Transportation Authority (hereinafter referred to as "AUTHORITY") and
15 the Cities of Aliso Viejo, Anaheim, Brea, Buena Park, Costa Mesa, Cypress, Dana Point, Fountain Valley,
16 Fullerton, Garden Grove, Huntington Beach, Irvine, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna
17 Woods, La Habra, Lake Forest, Mission Viejo, La Palma, Los Alamitos, Newport Beach, Orange,
18 Placentia, Rancho Santa Margarita, San Clemente, San Juan Capistrano, Santa Ana, Seal Beach,
19 Stanton, Tustin, Villa Park, Westminster, Yorba Linda, and the County of Orange (each individually
20 referred to as "MEMBER AGENCY" and collectively as "MEMBER AGENCIES.") The foregoing
21 MEMBER AGENCIES and AUTHORITY may each hereinafter also be referred to singularly as a "Party"
22 and collectively as "Parties".

23 /

24 /

25 /

26 /

Last Rev: 3/6/2018

ATTACHMENT 1

RECITALS:

WHEREAS, pursuant to Government Code Section 53075.5, cities and counties are required to protect the public health, safety, and welfare in regard to taxicab transportation service within their jurisdictions.

WHEREAS, Government Code Section 53075.5 permits a city or county to enter into an agreement with a transit agency for the purpose of administering taxicab permits on behalf of said city or county.

WHEREAS, the Orange County Taxi Administration Program ("OCTAP") is a voluntary association of MEMBER AGENCIES which have delegated the issuance of taxicab permits and other administrative functions to AUTHORITY.

WHEREAS, AUTHORITY has agreed to provide administrative services on behalf of MEMBER AGENCIES for the permitting of taxicabs in Orange County.

WHEREAS, MEMBER AGENCIES have agreed to participate in OCTAP in order to increase public safety, reduce administrative costs, and expand the provision of private transportation service in Orange County.

NOW, THEREFORE, it is mutually understood and agreed by AUTHORITY and MEMBER AGENCIES as follows:

ARTICLE 1. COMPLETE AGREEMENT

A. This Agreement, including any attachments incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the term(s) and condition(s) of this Agreement between AUTHORITY and MEMBER AGENCIES and it supersedes all prior representations, understandings, and communications. The invalidity in whole or in part of any term or condition of this Agreement shall not affect the validity of other term(s) or condition(s) of this Agreement. The above referenced Recitals are true and correct and are incorporated by reference herein.

B. AUTHORITY's failure to insist on any instance(s) of MEMBER AGENCIES' performance of any term(s) or condition(s) of this Agreement shall not be construed as a waiver or relinquishment of AUTHORITY's right to such performance or to future performance of such term(s) or condition(s), and

MEMBER AGENCIES' obligation in respect thereto shall continue in full force and effect. Changes to any portion of this Agreement shall not be binding upon AUTHORITY except when specifically confirmed in writing by an authorized representative of AUTHORITY by way of a written amendment to this Agreement and issued in accordance with the provisions of this Agreement.

C. MEMBER AGENCIES' failure to insist on any instance(s) of AUTHORITY's performance of any term(s) or condition(s) of this Agreement shall not be construed as a waiver or relinquishment of MEMBER AGENCIES' right to such performance or to future performance of such term(s) or condition(s), and AUTHORITY's obligation in respect thereto shall continue in full force and effect. Changes to any portion of this Agreement shall not be binding upon MEMBER AGENCIES except when specifically confirmed in writing by authorized representatives of MEMBER AGENCIES by way of a written amendment to this Agreement and issued in accordance with the provisions of this Agreement.

ARTICLE 2. SCOPE OF AGREEMENT

This Agreement specifies the roles and responsibilities of the Parties as they pertain to the administration of OCTAP. Both AUTHORITY and MEMBER AGENCIES agree that each will cooperate and coordinate with the other in all activities covered by this Agreement and any other supplemental agreements that may be required to facilitate purposes thereof. The Parties agree to work diligently together and in good faith, using their reasonable best efforts in the performance of this Agreement.

ARTICLE 3. RESPONSIBILITIES OF AUTHORITY

AUTHORITY agrees to the following responsibilities:

A. AUTHORITY will provide staffing and administrative services necessary to implement the OCTAP Regulations.

B. AUTHORITY will collect permit fees for taxicab companies, drivers, and vehicles, as appropriate, to offset administrative costs.

ARTICLE 4. RESPONSIBILITIES OF MEMBER AGENCIES

MEMBER AGENCIES agree to the following responsibilities:

A. MEMBER AGENCIES will appoint an OCTAP Steering Committee. The OCTAP Steering Committee is responsible for creating OCTAP Regulations that define the requirements for permitting

1 taxicabs in Orange County and establish minimum safety and service standards for the operation of
2 taxicabs. The OCTAP Steering Committee shall advise AUTHORITY on matters including the OCTAP
3 Regulations, the policies and procedures governing the issuance of taxicab permits, and public safety
4 issues in Orange County.

5 B. Each MEMBER AGENCY shall adopt the OCTAP Regulations into its Municipal Code, by
6 ordinance or other appropriate means, and shall provide notice thereof to AUTHORITY. Each MEMBER
7 AGENCY shall use such ordinance and any applicable state laws to enforce the OCTAP Regulations and
8 regulate taxicabs within the MEMBER AGENCY's jurisdiction. Each MEMBER AGENCY shall be
9 responsible for enforcement of all violations of its taxicab ordinance and the OCTAP Regulations
10 occurring within its jurisdiction and shall endeavor to notify AUTHORITY of such occurrences.

11 **ARTICLE 5. LEGAL RESPONSIBILITY FOR TAXICAB REGULATION**

12 MEMBER AGENCIES acknowledge and agree that AUTHORITY does not possess police power
13 and therefore is providing administrative services on behalf of MEMBER AGENCIES. MEMBER
14 AGENCIES shall retain all responsibility for taxicab regulation and enforcement within their respective
15 jurisdictions in accordance with state law. AUTHORITY does not assume any responsibility or liability for
16 the regulation or enforcement of MEMBER AGENCY ordinances, MEMBER AGENCIES' compliance
17 with state law, or for the performance of taxicab operators, vehicles, or drivers. MEMBER AGENCIES
18 acknowledge and agree that OCTAP is not a separate legal entity that can sue or be sued.

19 **ARTICLE 6. DELEGATED AUTHORITY**

20 To ensure prompt and continued cooperation and coordination between the Parties, the Parties
21 agree to each designate, identify and authorize a responsible individual to act on behalf of and as the
22 lead for the Party and to perform any tasks needed as part of this Agreement. The actions required to
23 be taken by each MEMBER AGENCY in the implementation of this Agreement are delegated to its City
24 Manager, or designee, and the actions required to be taken by AUTHORITY in the implementation of this
25 Agreement are delegated to AUTHORITY's Chief Executive Officer or designee.

26 **ARTICLE 7. PAYMENT**

A. Each MEMBER AGENCY agrees to pay AUTHORITY in an amount equal to its pro rata share

of AUTHORITY's costs to administer OCTAP, as shown in Exhibit A. Each MEMBER AGENCY agrees to pay its pro rata share to AUTHORITY in full, in six (6) month intervals, or as otherwise mutually agreed upon in writing by AUTHORITY and MEMBER AGENCY. Upon execution of this Agreement, each MEMBER AGENCY shall submit an initial payment to AUTHORITY consistent with this Article.

B. Failure by any MEMBER AGENCY to timely provide payment in accordance with this Article is considered a default of the Agreement by MEMBER AGENCY and shall result in termination of the Agreement for MEMBER AGENCY, pursuant to Article 10. AUTHORITY will not administer OCTAP on behalf of any terminated MEMBER AGENCY.

C. Upon expiration or termination of this Agreement, AUTHORITY will perform a final accounting of all OCTAP expenses and shall submit a reasonably detailed accounting summary to MEMBER AGENCIES. If the total expenses are less than the total combined contributions by MEMBER AGENCIES and other related OCTAP revenues, AUTHORITY will refund each MEMBER AGENCY its pro rata share of unspent funds. If the total expenses are greater than the total combined contributions by MEMBER AGENCIES and other related OCTAP revenues, AUTHORITY will invoice each MEMBER AGENCY for its pro rata share, which shall be timely paid by each MEMBER AGENCY.

ARTICLE 8. AUDIT AND INSPECTION

AUTHORITY and MEMBER AGENCIES shall maintain a complete set of records in accordance with generally accepted accounting principles. Upon reasonable notice, MEMBER AGENCIES shall permit the authorized representatives of the AUTHORITY to inspect and audit all work, materials, payroll, books, accounts, and other data and records of MEMBER AGENCIES for a period of four (4) years after final payment, or until any on-going audit is completed. For purposes of audit, the date of completion of this Agreement shall be the date of MEMBER AGENCIES' payment of AUTHORITY's final billing (so noted on the invoice) under this Agreement. AUTHORITY shall have the right to reproduce any such books, records, and accounts. The above provision with respect to audits shall extend to and/or be included in contracts with MEMBER AGENCIES' contractor.

ARTICLE 9. INDEMNIFICATION

A. To the fullest extent permitted by law, MEMBER AGENCIES shall defend (at MEMBER

1 AGENCIES' sole cost and expense with legal counsel reasonably acceptable to AUTHORITY),
 2 indemnify, protect, and hold harmless AUTHORITY, its officers, directors, employees, and agents
 3 (collectively the "Indemnified Parties"), from and against any and all liabilities, actions, suits, claims,
 4 demands, losses, costs, judgments, arbitration awards, settlements, damages, demands, orders,
 5 penalties, and expenses including legal costs and attorney fees (collectively "Claims"), including but not
 6 limited to Claims arising from injuries to or death of persons (MEMBER AGENCIES' employees included),
 7 for damage to property, including property owned by AUTHORITY, or from any violation of any federal,
 8 state, or local law or ordinance, by the negligent acts, omissions or willful misconduct of MEMBER
 9 AGENCIES, their officers, directors, employees or agents in connection with or arising out of the
 10 performance of this Agreement.

11 B. To the fullest extent permitted by law, AUTHORITY shall defend (at AUTHORITY's sole cost
 12 and expense with legal counsel reasonably acceptable to MEMBER AGENCIES), indemnify, protect, and
 13 hold harmless MEMBER AGENCIES, their officers, directors, employees, and agents (collectively the
 14 "Indemnified Parties"), from and against any and all liabilities, actions, suits, claims, demands, losses,
 15 costs, judgments, arbitration awards, settlements, damages, demands, orders, penalties, and expenses
 16 including legal costs and attorney fees (collectively "Claims"), including but not limited to Claims arising
 17 from injuries to or death of persons (AUTHORITY's employees included), for damage to property,
 18 including property owned by MEMBER AGENCIES, or from any violation of any federal, state, or local
 19 law or ordinance, by the negligent acts, omissions or willful misconduct of AUTHORITY, its officers,
 20 directors, employees or agents in connection with or arising out of the performance of this Agreement.

21 C. The indemnification and defense obligations of this Agreement shall survive its expiration or
 22 termination.

23 **ARTICLE 10. ADDITIONAL PROVISIONS**

24 A. Term of Agreement: This Agreement shall be effective on January 1, 2019 and shall remain
 25 in full force and effect for two (2) years through December 31, 2020.

26 B. Termination: In the event either Party defaults in the performance of their obligations under
 this Agreement or breaches any of the provisions of this Agreement, the non-defaulting Party shall have

1 the option to terminate this Agreement upon thirty (30) days' prior written notice to the other Party.

2 C. Termination for Convenience: Any Party may terminate this Agreement for its convenience
3 by providing six (6) months' prior written notice of its intent to terminate for convenience to the other
4 Parties. If any MEMBER AGENCY terminates its participation in this Agreement prior to the Agreement's
5 expiration, AUTHORITY shall refund to MEMBER AGENCY its pro rata contribution of unspent funds, as
6 determined by AUTHORITY, as of the effective date of the MEMBER AGENCY's termination.

7 D. AUTHORITY and MEMBER AGENCIES shall comply with all applicable federal, state, and
8 local laws, statutes, ordinances and regulations of any governmental authority having jurisdiction over
9 OCTAP.

10 E. Legal Authority: AUTHORITY and MEMBER AGENCIES hereto consent that they are
11 authorized to execute this Agreement on behalf of said Parties and that, by so executing this Agreement,
12 the Parties hereto are formally bound to the provisions of this Agreement.

13 F. Severability: If any term, provision, covenant or condition of this Agreement is held to be
14 invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the
15 remainder of this Agreement shall not be affected thereby, and each term, provision, covenant or
16 condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

17 G. Counterparts of Agreement: This Agreement may be executed and delivered in any number
18 of counterparts, each of which, when executed and delivered shall be deemed an original and all of which
19 together shall constitute the same agreement. Facsimile signatures will be permitted.

20 H. Force Majeure: Either Party shall be excused from performing its obligations under this
21 Agreement during the time and to the extent that it is prevented from performing by an unforeseeable
22 cause beyond its control, including but not limited to; any incidence of fire, flood; acts of God;
23 commandeering of material, products, plants or facilities by the federal, state or local government; national
24 fuel shortage; or a material act or omission by the other Party; when satisfactory evidence of such cause
25 is presented to the other Party, and provided further that such nonperformance is unforeseeable, beyond
26 the control and is not due to the fault or negligence of the Party not performing.

I. Assignment: Neither this Agreement, nor any of the Parties' rights, obligations, duties, or authority hereunder may be assigned in whole or in part by either Party without the prior written consent of the other Party in its sole and absolute discretion. Any such attempt of assignment shall be deemed void and of no force and effect. Consent to one assignment shall not be deemed consent to any subsequent assignment, nor the waiver of any right to consent to such subsequent assignment.

J. Governing Law: The laws of the State of California and applicable local and federal laws, regulations and guidelines shall govern this Agreement.

K. Litigation Fees: Should litigation arise out of this Agreement for the performance thereof, the court shall award costs and expenses, including attorney's fees, to the prevailing party.

L. Notices: Any notices, requests, or demands made between the Parties pursuant to this Agreement shall be deemed given when mailed to them, first class, postage prepaid, or faxed to the address set out by their signatures.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement No. C-8-2015 to be executed on the date first written above.

ORANGE COUNTY TRANSPORTATION AUTHORITY

By: _____
Darrell E. Johnson
Chief Executive Officer

NOTICE TO AUTHORITY TO BE GIVEN TO:

550 South Main Street
P. O. Box 14184
Orange, CA 92863-1584

By: _____
Jennifer L. Bergener
Chief Operating Officer, Operations

Attention: Carla Shaffer
Senior Contract Administrator
Tel: (714) 560-5884
E-mail: cshaffer@octa.net

CITY OF ANAHEIM

Dated: _____

By: _____

Chris Zapata
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Chris Zapata
200 South Anaheim Boulevard
Anaheim, California 92805

Email: czapata@anaheim.net
Phone: (714) 765-5162

APPROVED AS TO FORM:

City Attorney

CITY OF BREA

Dated: _____

By: _____

Bill Gallardo
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Bill Gallardo
1 Civic Center Circle
Brea, California 92821

Email: billga@cityofbrea.net
Phone: (714) 990-7710

APPROVED AS TO FORM:

City Attorney

CITY OF BUENA PARK

Dated: _____

By: _____

James B. Vanderpool
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. James B. Vanderpool
6650 Beach Boulevard
Buena Park, California 90621

Email: jvanderpool@buenapark.com
Phone: (714) 562-3551

APPROVED AS TO FORM:

City Attorney

CITY OF COSTA MESA

Dated: _____

By: _____

Tom Hatch
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Tom Hatch
77 Fair Drive
Costa Mesa, California 92626

Email: thatch@costamesaca.gov
Phone: (714) 754-5328

APPROVED AS TO FORM:

City Attorney

CITY OF CYPRESS

Dated: _____

By: _____
Peter Grant
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Peter Grant
5275 Orange Avenue
Cypress, California 90630

Email: pgrant@ci.cypress.ca.us
Phone: (714) 229-6688

APPROVED AS TO FORM:

City Attorney

CITY OF DANA POINT

Dated: _____

By: _____

Mark Denny
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Mark Denny
33282 Golden Lantern, Suite 203
Dana Point, California 92629

Email: mdenny@danapoint.org
Phone: (949) 248-3524

APPROVED AS TO FORM:

City Attorney

CITY OF FOUNTAIN VALLEY

Dated: _____

By: _____

Robert Houston
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Robert Houston
10200 Slater Avenue
Fountain Valley, California 92708

Email: rob.houston@fountainvalley.org
Phone: (714) 593-4412

APPROVED AS TO FORM:

City Attorney

CITY OF FULLERTON

Dated: _____

By: _____
Ken Domer
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Ken Domer
303 West Commonwealth Avenue
Fullerton, California 92832

Email: KDomer@cityoffullerton.com
Phone: (714) 738-6310

APPROVED AS TO FORM:

City Attorney

CITY OF GARDEN GROVE

Dated: _____

By: _____

Scott C. Stiles
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Scott C. Stiles
11222 Acacia Parkway
Garden Grove, California 92840

Email: sstiles@ci.garden-grove.ca.us
Phone: (714) 741-5100

APPROVED AS TO FORM:

City Attorney

CITY OF HUNTINGTON BEACH

Dated: _____

By: _____

Fred Wilson
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Fred Wilson
2000 Main Street
Huntington Beach, California 92648

Email: fred.wilson@surfcity-hb.org
Phone: (714) 536-5575

APPROVED AS TO FORM:

City Attorney

CITY OF IRVINE

Dated: _____

By: _____
John A. Russo
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. John A. Russo
1 Civic Center Plaza
Irvine, California 92606

Email: jrusso@cityofirvine.org
Phone: (949) 724-6246

APPROVED AS TO FORM:

City Attorney

CITY OF LAGUNA BEACH

Dated: _____

By: _____
John Pietig
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. John Pietig
505 Forest Avenue
Laguna Beach, California 92651

Email: jpietig@lagunabeachcity.net
Phone: (949) 497-0704

APPROVED AS TO FORM:

City Attorney

CITY OF LAGUNA HILLS

Dated: _____

By: _____

Donald J. White
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Donald J. White
24035 El Toro Road
Laguna Hills, California 92653

Email: dwhite@lagunahillsca.gov
Phone: (949) 707-2620

APPROVED AS TO FORM:

City Attorney

CITY OF LAGUNA NIGUEL

Dated: _____

By: _____
Kristine Ridge
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Kristine Ridge
30111 Crown Valley Parkway
Laguna Niguel, California 92677

Email: kridge@cityoflagunaniguel.org
Phone: (949) 362-4300

APPROVED AS TO FORM:

City Attorney

CITY OF LAGUNA WOODS

Dated: _____

By: _____
Christopher Macon
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Christopher Macon
24264 El Toro Road
Laguna Woods, California 92637

Email: cmacon@lagunawoodscity.org
Phone: (949) 639-0525

APPROVED AS TO FORM:

City Attorney

CITY OF LA HABRA

Dated: _____

By: _____

Jim Sadro
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Jim Sadro
201 East La Habra Boulevard
La Habra, California 90631

Email: jsadro@lahabracal.gov
Phone: (562) 905-9701

APPROVED AS TO FORM:

City Attorney

CITY OF LAKE FOREST

Dated: _____

By: _____
Debra D. Rose
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Debra D. Rose
25550 Commerce Center Drive, Suite 100
Lake Forest, California 92630

Email: DRose@lakeforestca.gov
Phone: (949) 461-3412

APPROVED AS TO FORM:

City Attorney

CITY OF MISSION VIEJO

Dated: _____

By: _____
Dennis Wilberg
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Dennis Wilberg
200 Civic Center
Mission Viejo, California 92691

Email: dwilberg@cityofmissionviejo.org
Phone: (949) 470-3051

APPROVED AS TO FORM:

City Attorney

CITY OF LA PALMA

Dated: _____

By: _____

Laurie A. Murray
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Laurie A. Murray
7822 Walker Street
La Palma, California 90623

Email: Lauriem@cityoflapalma.org
Phone: (714) 690-3337

APPROVED AS TO FORM:

City Attorney

CITY OF LOS ALAMITOS

Dated: _____

By: _____

Bret M. Plumlee
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Bret M. Plumlee
3191 Katella Avenue
Los Alamitos, California 90720

Email: bplumlee@cityoflosalamitos.org
Phone: (562) 431-3538

APPROVED AS TO FORM:

City Attorney

CITY OF NEWPORT BEACH

Dated: _____

By: _____

Grace K. Leung
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Grace K. Leung
100 Civic Center
Newport Beach, California 92660

Email: gleung@newportbeachca.gov
Phone: (949) 644-3002

APPROVED AS TO FORM:

City Attorney

CITY OF ORANGE

Dated: _____

By: _____

Rick Otto
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Rick Otto
300 East Chapman Avenue
Orange, California 92866

Email: rotto@cityoforange.org
Phone: (714) 744-2222

APPROVED AS TO FORM:

City Attorney

CITY OF PLACENTIA

Dated: _____

By: _____

Damien Arrula
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Damien Arrula
401 East Chapman Avenue
Placentia, California 92870

Email: darrula@placentia.org
Phone: (714) 993-8117

APPROVED AS TO FORM:

City Attorney

CITY OF RANCHO SANTA MARGARITA

Dated: _____

By: _____
Jennifer M. Cervantez
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Jennifer M. Cervantez
22112 El Paseo
Rancho Santa Margarita, California 92688

Email: jcervantez@cityofrsm.org
Phone: (949) 635-1800 Ext. 6301

APPROVED AS TO FORM:

City Attorney

CITY OF SAN CLEMENTE

Dated: _____

By: _____
James Makshanoff
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. James Makshanoff
910 Calle Negocio
San Clemente, California 92673

Email: makshanoffj@san-clemente.org
Phone: (949) 361-8322

APPROVED AS TO FORM:

City Attorney

CITY OF SAN JUAN CAPISTRANO

Dated: _____

By: _____

Ben Siegel
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Ben Siegel
32400 Paseo Adelanto
San Juan Capistrano, California 92675

Email: BSiegel@sanjuancapistrano.org
Phone: (949) 443-6317

APPROVED AS TO FORM:

City Attorney

CITY OF SANTA ANA

Dated: _____

By: _____
Raul Godinez II
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Raul Godinez II
20 Civic Center Plaza
Santa Ana, California 92701

Email: rgodinez@santa-ana.org
Phone: (714) 647-5603

APPROVED AS TO FORM:

City Attorney

CITY OF SEAL BEACH

Dated: _____

By: _____

Jill R. Ingram
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Ms. Jill R. Ingram
211 8th Street
Seal Beach, California 90740

Email: jingram@sealbeachca.gov
Phone: (562) 431-2527 Ext. 1300

APPROVED AS TO FORM:

City Attorney

CITY OF STANTON

Dated: _____

By: _____
Robert W. Hall
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

Interim City Manager
Mr. Robert W. Hall
7800 Katella Avenue
Stanton, California 90680

Email: rhall@ci.stanton.ca.us
Phone: (714) 349-9222 Ext. 241

APPROVED AS TO FORM:

City Attorney

CITY OF TUSTIN

Dated: _____

By: _____
Jeffrey C. Parker
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Jeffrey C. Parker
300 Centennial Way
Tustin, California 92780

Email: jparker@tustinca.org
Phone: (714) 573-3010

APPROVED AS TO FORM:

City Attorney

CITY OF VILLA PARK

Dated: _____

By: _____

Steve Franks
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Steve Franks
17855 Santiago Boulevard
Villa Park, California 92861

Email: sfranks@villapark.org
Phone: (714) 998-1500

APPROVED AS TO FORM:

City Attorney

CITY OF WESTMINSTER

Dated: _____

By: _____
Eddie Manfro
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Eddie Manfro
8200 Westminster Boulevard
Westminster, California 92683

Email: emanfro@westminster-ca.gov
Phone: (714) 548-3172

APPROVED AS TO FORM:

City Attorney

CITY OF YORBA LINDA

Dated: _____

By: _____

Mark Pulone
City Manager

ATTEST:

City Clerk

NOTICE TO CITY TO BE GIVEN TO:

City Manager
Mr. Mark Pulone
P.O. Box 87014
4845 Casa Loma
Yorba Linda, California 92886

Email: mpulone@yorbalindaca.gov
Phone: (714) 961-7100 Ext. 108

APPROVED AS TO FORM:

City Attorney

COUNTY OF ORANGE

Dated: _____

By: _____

Frank Kim
County Executive Officer

ATTEST:

County Clerk

NOTICE TO COUNTY TO BE GIVEN TO:

County Executive Officer
Mr. Frank Kim
333 West Santa Ana Boulevard
Santa Ana, California 92703

Email: frank.kim@ocgov.com
Phone: (714) 834-6201

APPROVED AS TO FORM:

County Counsel

Estimated Cost Sharing for OCTAP Member Agencies

City	Funding Share	Cost Recovery Based on Funding Share**	Cost Recovery Based on		Jan-Jun 2018-19 2019 **	Full Year 2019-20 2020**	July-Dec 2020-21 2021**
			Funding Share**				
Aliso Viejo	1.55%	\$ 2,299.54	\$ 69.73	\$	1,523.58	\$ 3,667.64	\$ 2,726.32
Anaheim	10.64%	\$ 15,806.12	\$ 494.45	\$	10,472.46	\$ 25,209.94	\$ 18,739.67
Brea	1.34%	\$ 1,987.03	\$ 60.35	\$	1,316.52	\$ 3,169.21	\$ 2,355.81
Buena Park	2.50%	\$ 3,717.99	\$ 115.07	\$	2,463.38	\$ 5,930.00	\$ 4,408.03
Costa Mesa	3.43%	\$ 5,103.51	\$ 158.22	\$	3,381.37	\$ 8,139.84	\$ 6,050.70
Cypress	1.49%	\$ 2,212.25	\$ 68.68	\$	1,465.74	\$ 3,528.42	\$ 2,622.83
Dana Point	1.01%	\$ 1,508.13	\$ 46.13	\$	999.23	\$ 2,405.39	\$ 1,788.04
Fountain Valley	1.70%	\$ 2,519.53	\$ 78.30	\$	1,669.33	\$ 4,018.52	\$ 2,987.15
Fullerton	4.30%	\$ 6,383.55	\$ 196.68	\$	4,229.47	\$ 10,181.43	\$ 7,568.31
Garden Grove	5.27%	\$ 7,830.20	\$ 244.79	\$	5,187.96	\$ 12,488.76	\$ 9,283.45
Huntington Beach	6.04%	\$ 8,970.10	\$ 269.51	\$	5,943.21	\$ 14,306.84	\$ 10,634.91
Irvine	8.23%	\$ 12,224.78	\$ 356.73	\$	8,099.62	\$ 19,497.88	\$ 14,493.64
Laguna Beach	0.69%	\$ 1,031.76	\$ 32.61	\$	683.60	\$ 1,645.60	\$ 1,223.25
Laguna Hills	0.95%	\$ 1,408.41	\$ 42.36	\$	933.15	\$ 2,246.33	\$ 1,669.80
Laguna Niguel	1.95%	\$ 2,893.88	\$ 91.32	\$	1,917.36	\$ 4,615.58	\$ 3,430.97
Laguna Woods	0.49%	\$ 734.66	\$ 22.38	\$	486.75	\$ 1,171.74	\$ 871.01
La Habra	1.87%	\$ 2,782.02	\$ 85.69	\$	1,843.25	\$ 4,437.18	\$ 3,298.35
Lake Forest	2.53%	\$ 3,755.62	\$ 115.85	\$	2,488.31	\$ 5,990.01	\$ 4,452.64
Mission Viejo	2.86%	\$ 4,250.09	\$ -	\$	2,815.93	\$ 6,778.68	\$ 5,038.89
La Palma	0.48%	\$ 705.93	\$ 22.17	\$	467.72	\$ 1,125.92	\$ 836.95
Los Alamitos	0.35%	\$ 525.11	\$ 16.21	\$	347.91	\$ 837.52	\$ 622.57
Newport Beach	2.60%	\$ 3,859.06	\$ 116.34	\$	2,556.85	\$ 6,155.00	\$ 4,575.29
Orange	4.23%	\$ 6,282.98	\$ 195.25	\$	4,162.84	\$ 10,021.03	\$ 7,449.08
Placentia	1.57%	\$ 2,335.17	\$ 72.16	\$	1,547.18	\$ 3,724.48	\$ 2,768.57
Rancho Santa Margarita	1.47%	\$ 2,183.52	\$ 66.98	\$	1,446.71	\$ 3,482.60	\$ 2,588.77
San Clemente	1.95%	\$ 2,901.22	\$ 91.46	\$	1,922.23	\$ 4,627.30	\$ 3,439.68
San Juan Capistrano	1.09%	\$ 1,627.12	\$ 49.82	\$	1,078.06	\$ 2,595.17	\$ 1,929.10
Santa Ana	10.08%	\$ 14,972.32	\$ 473.46	\$	9,920.02	\$ 23,880.06	\$ 17,751.11
Seal Beach	0.77%	\$ 1,150.17	\$ 34.62	\$	762.05	\$ 1,834.46	\$ 1,363.63
Stanton	1.18%	\$ 1,747.12	\$ 54.88	\$	1,157.57	\$ 2,786.56	\$ 2,071.37
Tustin	2.45%	\$ 3,644.91	\$ 114.20	\$	2,414.96	\$ 5,813.44	\$ 4,321.39
Villa Park	0.18%	\$ 263.42	\$ 8.21	\$	174.53	\$ 420.14	\$ 312.31
Westminster	2.81%	\$ 4,181.93	\$ 129.88	\$	2,770.77	\$ 6,669.96	\$ 4,958.07
Yorba Linda	2.06%	\$ 3,059.60	\$ 93.38	\$	2,027.16	\$ 4,879.91	\$ 3,627.45
County of Orange (includes JWA)*	7.90%	\$ 11,744.24	\$ 366.31	\$	7,781.23	\$ 18,731.45	\$ 13,923.92
TOTALS	100%	\$ 148,603.00	\$148,603.00	\$	98,458.00	\$ 237,014.00	\$ 176,183.00

*based on trips not population

** Costs are estimated, may adjust slightly

10/1/18

ATTACHMENT 2

1.14



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: CITY OF IRVINE HOUSING SUCCESSOR TO THE DISSOLVED
IRVINE REDEVELOPMENT AGENCY ANNUAL REPORT



Director of Community Development



City Manager

RECOMMENDED ACTION

1. Authorize submittal of the Housing Successor Annual Report to the California Department of Housing and Community Development.
2. Authorize posting the Housing Successor Annual Report on the City of Irvine website.

EXECUTIVE SUMMARY

In 2013, the state legislature enacted Senate Bill 341 (SB 341) requiring Housing Successors of dissolved Redevelopment Agencies to conduct, and provide to their governing bodies, an annual independent financial audit of their Low and Moderate Income Housing Asset Fund (Housing Fund). SB 341 also requires an annual report of housing activity and financial information (Annual Report) to be submitted to the California Department of Housing and Community Development (HCD) and posted to City of Irvine website as the Housing Successor of the dissolved Redevelopment Agency. Although the City is actively developing affordable housing through its density bonus and inclusionary housing ordinances, the former Irvine Redevelopment Agency Housing Fund has not received any revenue or loan receipts to further support the development of affordable housing in Fiscal Year 2017-18 or prior years, and therefore the attached annual report reflects \$0.00 expenditures and \$0.00 assets.

The required independent financial audit is separately submitted to the City Council as part of the City's Comprehensive Annual Financial Report (CAFR). Attachment 1 contains the Annual Report for Fiscal Year 2017-18, which is based upon the information contained within the CAFR and complies with the requirements of SB 341. With approval from the City Council, the Annual Report for Fiscal Year 2017-18 will be submitted to HCD and posted on the City of Irvine website.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not applicable.

ANALYSIS

At its January 10, 2012 meeting, the City Council approved Resolution No. 12-11 designating the City of Irvine as the Housing Successor to the dissolved Irvine Redevelopment Agency (Housing Successor). SB 341 requires the Housing Successor to receive an Annual Report for the Housing Fund that must then be transmitted to HCD and be posted on the City's website. The reporting requirements outlined by SB 341 include the following information:

1. Any Housing Successor loan repayments received.
2. Any deposits to the Housing Fund.
3. The Housing Fund ending balance.
4. A description of any expenditures from the Housing Fund.
5. The statutory value of assets owned by the Housing Successor.
6. A description of any transfers.
7. Project descriptions.
8. Status of compliance with California Health and Safety Code Section 33334.16.
9. Description of outstanding obligations under California Health and Safety Code Section 33413.
10. An income test required by California Health and Safety Code Section 34176.1(a)(3)(B).
11. A senior housing test.
12. An Excess Surplus Test.
13. An inventory of home ownership units assisted by Housing Successor or former Irvine Redevelopment Agency.

The Housing Successor did not have any housing activities, revenues, deposits, expenditures, or assets during FY 2017-18. The Annual Report shows no moneys in any of the categories established by SB 341.

The Excess Surplus Test referenced above confirms deposits into the Housing Fund have been expended within required timeframes for affordable housing purposes. This includes a review of revenues and expenditures for the prior four years. As indicated in the Annual Report, no moneys were deposited in the Housing Fund during the prior four-year period. Therefore, the Housing Successor has no computed Housing Fund excess surplus.

ALTERNATIVES CONSIDERED

No alternative is recommended as the Annual Report is required by SB 341.

FINANCIAL IMPACT

Staff time required to prepare the report is included in the Community Development Department and Administrative Services Department budgets. A filing fee is not required to submit the report.

REPORT PREPARED BY Charles G. Kovac, Housing Administrator

ATTACHMENT:

1. City of Irvine Housing Successor Annual Report

**CITY OF IRVINE HOUSING SUCCESSOR ANNUAL REPORT
FOR
LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2017-2018**

The City of Irvine Housing Successor Annual Report (Report) for the Low and Moderate Income Housing Asset Fund (Housing Fund) has been prepared pursuant to California Health and Safety Code Section 34176.1(f). The Report sets forth certain details of the City of Irvine Housing Successor (Housing Successor) activities during Fiscal Year 2017-2018 (Fiscal Year). The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

The Report is based upon information prepared by Housing Successor staff and, if applicable, information contained within the independent financial audit of the housing funds for the Fiscal Year as prepared by White Nelson Diehl Evans LLP dated October 29, 2018 (Audit). The Audit is separate from this Report and is included as part of the City's Comprehensive Annual Financial Report submitted to the City Council for the November 13, 2018 meeting. This Report conforms with and is organized into Sections I through XIII inclusive pursuant to Health and Safety Code Section 34176.1(f) of the Dissolution Law as follows:

- (1) The amount the city, county, or city and county received pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4.
- (2) The amount deposited to the Housing Fund, distinguishing between amounts deposited pursuant to subparagraphs (B) and (C) of paragraph (3) of subdivision (b) of Section 34191.4, amounts deposited for other items listed on the Recognized Obligation Payment Schedule, and other amounts deposited.
- (3) A statement of the balance in the Housing Fund as of the close of the Fiscal Year, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule from other amounts.

ATTACHMENT

- (4) A description of expenditures from the Housing Fund by category, including, but not limited to, expenditures (A) for monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the Redevelopment Agency or the Housing Successor and administering the activities described in paragraphs (2) and (3) of subdivision (a), (B) for homeless prevention and rapid rehousing services for the development of housing described in paragraph (2) of subdivision (a), and (C) for the development of housing pursuant to paragraph (3) of subdivision (a).
- (5) As described in paragraph (1) of subdivision (a), the statutory value of real property owned by the Housing Successor, the value of loans and grants receivable, and the sum of these two amounts.
- (6) A description of any transfers made pursuant to paragraph (2) of subdivision (c) in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service.
- (7) A description of any project for which the Housing Successor receives or holds property tax revenue pursuant to the Recognized Obligation Payment Schedule and the status of that project.
- (8) For interests in real property acquired by the former Redevelopment Agency prior to February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on the project.
- (9) A description of any outstanding obligations pursuant to Section 33413 that remained to transfer to the Housing Successor on February 1, 2012, of the Housing Successor's progress in meeting those obligations, and of the Housing Successor's plans to meet unmet obligations. In addition, the Housing Successor shall include in the report posted on its Internet web site the implementation plans of the former Redevelopment Agency.
- (10) The information required by subparagraph (B) of paragraph (3) of subdivision (a) of Section 34191.4.
- (11) The percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former Redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency, and its host jurisdiction within the same time period.

- (12) The amount of any excess surplus, the amount of time that the successor agency has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.
- (13) An inventory of homeownership units assisted by the former Redevelopment Agency or the Housing Successor that are subject to covenants or restrictions or to an adopted program that protects the former Redevelopment Agency's investment of moneys from the Housing Fund pursuant to subdivision (f) of Section 33334.3. This inventory shall include all of the following information:
 - (A) The number of those units.
 - (B) In the first report pursuant to this subdivision, the number of units lost to the portfolio after February 1, 2012, and the reason or reasons for those losses. For all subsequent reports, the number of the units lost to the portfolio in the last fiscal year and the reason for those losses.
 - (C) Any funds returned to the Housing Successor as part of an adopted program that protects the former Redevelopment Agency's investment of moneys from the Housing Fund.
 - (D) Whether the Housing Successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity.

This Report is to be provided to the Housing Successor's governing body. In addition, this Report and the former Redevelopment Agency's pre-dissolution Implementation Plans are to be made available to the public on the City's website www.cityofirvine.org.

I. AMOUNT CITY RECEIVED IN LOAN REPAYMENTS

The Housing Successor does not have any outstanding loans that are to be repaid into the Housing Fund during the Fiscal Year.

II. AMOUNT DEPOSITED INTO FUND

No moneys were deposited into the Housing Fund during the Fiscal Year.

III. ENDING BALANCE OF FUND

At the close of the Fiscal Year, the ending balance in the Housing Fund was \$0.00

IV. DESCRIPTION OF EXPENDITURES FROM HOUSING FUND

The following is a description of expenditures from the Housing Fund by category:

Fiscal Year 2017-18	
Monitoring and Administration Expenditures	\$0.00
Homeless Prevention and Rapid Rehousing Services Expenditures	\$0.00
Housing Development Expenditures	
➤ Expenditures on Low-Income Units	\$0.00
➤ Expenditures on Very Low-Income Units	\$0.00
➤ Expenditures on Extremely Low-Income Units	\$0.00
➤ Total Housing Development Expenditures	\$0.00
Total Housing Fund Expenditures in Fiscal Year	\$0.00

V. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN HOUSING FUND

Under the Dissolution Law and for purposes of this Report, the “statutory value of real property” means the value of properties formerly held by the former Redevelopment Agency as listed on the housing asset transfer schedule approved by the Department of Finance as listed in such schedule under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the Housing Fund.

The Housing Successor owned no assets as of the end of the Fiscal Year.

As of End of Fiscal Year	
Statutory Value of Real Property Owned by Housing Authority	\$0.00
Value of Loans and Grants Receivable	\$0.00
Total Value of Housing Successor Assets	\$0.00

VI. DESCRIPTION OF TRANSFERS

The Housing Successor did not make any Housing Fund transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

VII. PROJECT DESCRIPTIONS

The Housing Successor does not receive or hold property tax revenue pursuant to the Recognized Obligation Payment Schedule.

VIII. STATUS OF COMPLIANCE WITH SECTION 33334.16

The Housing Successor does not have any real property acquired with Low and/or Moderate Income funds.

IX. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the 2010-2015 Implementation Plan for the former Redevelopment Agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor.

Inclusionary/Production Housing. According to the 2010-2015 Implementation Plan for the former Redevelopment Agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor.

X. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30 percent of the Housing Fund to be expended for development of rental housing affordable to and occupied by households earning 30 percent or less of the Area Median Income. If the Housing Successor fails to comply with the Extremely Low-Income requirement in any five-year report, then the Housing Successor must ensure that at least 50 percent of the funds remaining in the Housing Fund be expended in each fiscal year following the latest fiscal year following the report on households earning 30 percent or less of the Area Median Income until the Housing Successor demonstrates compliance with the Extremely Low-Income requirement. This information is not required to be reported until 2019 for the 2014 - 2019 period.

XI. SENIOR HOUSING TEST

The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former Redevelopment Agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former Redevelopment Agency and/or City within the same time period. If this percentage exceeds 50 percent, then the Housing Successor cannot expend future funds in the Housing Fund to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50 percent of the total amount of deed-restricted rental units.

The following provides the Housing Successor's Senior Housing Test for the 10-year period of 2008 - 2018:

Senior Housing Test 2008-2018	
# of Assisted Senior Rental Units	0
# of Total Assisted Rental Units	134
Senior Housing Percentage	0 %

XII. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the Housing Fund during the Housing Successor's preceding four Fiscal Years, whichever is greater.

The following provides the Excess Surplus test for the preceding four Fiscal Years:

Available Housing Funds – Fiscal Year 2017-18	
FUND Balance FY 2017-18	\$0.00
(Less) Accounts Receivable	\$0.00
(Less) Other Accrued Revenue	\$0.00
(Less) Notes and Loans	\$0.00
(Less) Land Held Resale	\$0.00
Available Housing Funds – FY 2017-18	\$0.00

Limitation on Available Housing Funds – Fiscal Year 2017-18	
Greater of:	
➤ Base Amount	\$1,000,000.00

➤ Four Years of Deposits	
FY 2014-15	\$0.00
FY 2015-16	\$0.00
FY 2016-17	\$0.00
FY 2017-18	\$0.00
Total Deposits	\$0.00
Limitation on Available Housing Funds	
– FY 2017-18	\$1,000,000.00

The Fiscal Year Available Housing Funds total \$0.00, which is less than the \$1,000,000 limitation on Available Housing Funds for the Fiscal Year. Therefore, the Housing Fund does not have an Excess Surplus.

XIII. INVENTORY OF HOME OWNERSHIP

The Housing Successor does not have an existing inventory of homeownership units that were assisted by the former Redevelopment Agency or the Housing Successor that are subject to covenants or restrictions or to an adopted program that protects the former Redevelopment Agency's investment of moneys from the Housing Fund pursuant to subdivision (f) of Section 33334.3.

1.15

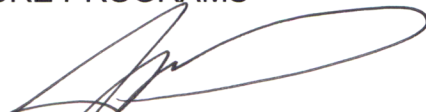


REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: OPERATING AGREEMENT FOR ORANGE COUNTY GREAT PARK URBAN AGRICULTURE PROGRAMS


Director of Community Services


City Manager

RECOMMENDED ACTION

1. Authorize the City Manager to execute the proposed Agreement for Contract Services between the City of Irvine and Solutions for Urban Agriculture to operate the Farm + Food Lab and the urban agriculture programs offered at the Orange County Great Park.
2. Approve a budget adjustment to transfer \$76,872 from existing personnel and supply appropriations to contract services for the operation and maintenance of the agriculture amenities at the Orange County Great Park for the remainder of Fiscal Year 2018-19, with no net fiscal impact.

EXECUTIVE SUMMARY

At its meeting on June 27, 2017, the Orange County Great Park Board (Board) received a presentation and proposal from representatives of Solutions for Urban Agriculture (SFUA) to develop and implement a Full Circle Farm at the Orange County Great Park. The SFUA presentation included a proposal to manage, operate, and provide the programs and services at the Farm + Food Lab on behalf of the City. The Board directed staff to negotiate an agreement with SFUA and return to the Board for consideration. The staff report and minutes from June 27, 2017 are presented as Attachment 1 and 2.

Staff is working with representatives from Five Point Communities on the design of the park spaces surrounding the new agriculture components at the Orange County Great Park. The planning team is working on a design that could accommodate the proposed Full Circle Farm, the new location for the Farm + Food Lab, space to continue hosting a Farmer's Market, and adjacent park areas complementing these activities.

As the design and planning process evolves, SFUA and City staff have discussed mutual interest and benefits in moving forward with an operating agreement for the Farm + Food Lab and Farmer's Market at its current location. The proposed agreement provides a cost neutral operation for the Farm + Food Lab in year one and two, and brings industry experts forward on January 1, 2019 to manage and operate the exhibits, programs, and services offered at the Farm + Food Lab and the Farmer's Market for a net cost of \$76,872 for the remainder of

the fiscal year. The proposed Agreement for Contract Services (Agreement) is presented as Attachment 3.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

At its meeting on June 27, 2017, the Orange County Great Park Board directed staff to negotiate an agreement with SFUA to develop a Full Circle Farm Concept and return to the Board for consideration.

This item is scheduled for consideration by the Orange County Great Park Board of Directors on November 27, 2018.

ANALYSIS

Background

With assistance from the UC Division of Agriculture and Natural Resources, its Orange County Master Gardeners, and other community partners such as Mr. AG Kawamura of SFUA, the City of Irvine developed and opened the Farm + Food Lab at the Orange County Great Park in July 2009.

The Farm + Food Lab is an interactive outdoor classroom for visitors of all ages. With its programs, services, exhibits, and displays, the Farm + Food Lab educates visitors about gardening, inspires innovative and unique ideas specific to urban agriculture, and facilitates a thriving community of people working in partnership.

While working with representatives from Five Point Communities on the design of the park spaces for the new agriculture components at the Orange County Great Park, SFUA and City staff have discussed mutual interest and positive benefits in moving forward with an operating agreement for the Farm + Food Lab and the Farmer's Market.

The transition will assist SFUA in developing sponsors and partnerships in the industry to enhance the urban agriculture components at the park. Representatives have identified terms to transition the management and operation of the Farm + Food Lab and Farmer's Market to SFUA for an annual cost of \$153,744, the budgeted costs the City incurs today.

The fundamental terms of the Agreement are summarized below:

- Transition the programs, services, and the operation of the Farm + Food Lab from a staff operation to an operation managed under contract with SFUA in fiscal year 2018-19. In addition to managing the programs, services, and staffing of the Farm + Food Lab, the Agreement with SFUA will include the ongoing development and maintenance of the exhibits.
- Provide and manage all personnel (e.g. paid employees and volunteers) providing programs, services, and managing the day-to-day operations at the Farm + Food Lab.

- Transition the contract operation of the Farmer's Market from its current contractor, McGlynn Events, to SFUA.
- The terms of the Agreement provides compensation from the City to SFUA equal to the net cost the City incurs with its operation managed by City staff. The net cost of the operation and programs is \$153,744 annually. The Agreement also includes terms to reduce the City's costs in future years. The proposed budget adjustment and reallocation of funds is presented as Attachment 4.
- Both parties enter this Agreement with the understanding that terms may need to be renegotiated with the opening of the new Farm + Food Lab. It is also understood by both parties, the future financial terms of the Agreement will involve a phased-in reduction to reach a net zero cost to the City for the future operation of the Farm + Food Lab.

During discussion with SFUA and development of the proposal, City staff have reiterated the Agreement does not imply any commitment on the City's behalf to move forward with the Full Circle Farm Concept. As park development continues, City staff will continue to review opportunities with SFUA to develop the Full Circle Farm Concept.

ALTERNATIVES CONSIDERED

Should the terms of the proposed Agreement not fully capture the City Council's interest with the operation of the Farm + Food Lab and Farmer's Market, the City Council may direct staff to modify terms, or may direct staff to postpone the transition of the operation until opening the Farm + Food Lab in its new location.

FINANCIAL IMPACT

The financial impact and cost associated with the Agreement to move the programs, services, and operation of the Farm + Food Lab and Farmers Market to a contract operator involves no increased cost to the City from its FY 2018/19 budget. In consideration for operating the Farm + Food Lab, the proposed Agreement will include monthly payments from the City to SFUA of \$12,812. With these monthly payments, the net annual cost to the City in the first two years of the Agreement is \$153,744. Following year one and two of the Agreement, the City's payments to SFUA will lower as shown below:

	Reduction	Annual Payment
Year 3	10%	\$138,370
Year 4	10%	\$124,533
Year 5	15%	\$105,853
Year 6	15%	\$89,975

Funds for this change are included in this year's budget; however, a budget adjustment is requested to transfer \$76,872 to the contract services line item to pay SFUA for the programs, operation, and maintenance of the Farm + Food Lab for the remainder of the fiscal year.

REPORT PREPARED BY Ed Crofts, Community Services Manager

ATTACHMENTS

1. June 27, 2017 Staff Report – Full Circle Farm at the Orange County Great Park (with attachments)
2. June 27, 2017 Meeting Minutes – Orange County Great Park Board Meeting
3. Proposed Agreement for Contract Services with Solutions for Urban Agriculture
4. Proposed Budget Adjustment



REQUEST FOR BOARD ACTION

MEETING DATE: JUNE 27, 2017

TITLE: FULL CIRCLE FARM CONCEPT AT THE ORANGE COUNTY GREAT PARK

A blue ink signature of Peter Cane, written in a cursive style.

Director, Orange County Great Park

A black ink signature of Sean Joyce, written in a cursive style.

City Manager

RECOMMENDED ACTION

Direct staff to negotiate an agreement allowing for the implementation of the Full Circle Farm at the Orange County Great Park and return to the Board for consideration.

EXECUTIVE SUMMARY

The Orange County Great Park includes a 70-acre Agriculture area at the center of the Park as a component of the 688-acre Great Park Improvement Area. The City's long-standing agricultural lessee at the Great Park, A.G. Kawamura, has proposed an agricultural-based public amenity for the 70-acre area called the Full Circle Farm. The concept includes a mix of traditional row crops with more interactive features such as a farmer's market, culinary institute and café, urban agriculture and biofuel displays, and the Farm + Food Lab.

Mr. Kawamura is proposing to operate both Full Circle Farm and Farm + Food Lab within the Agricultural area of the Great Park through a ground lease or operating agreement with the City. Staff is seeking direction to engage in negotiations with Mr. Kawamura and representatives of his non-profit, Solutions for Urban Agriculture, to develop an agreement for implementation of the Full Circle Farm.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not applicable.

ANALYSIS

On November 26, 2013, the City Council approved the Second Agreement between the City of Irvine and Heritage Fields El Toro, LLC (ALA II). Exhibit B of the ALA II includes the "Orange County Great Park Improvement Area Concept Plans and Programming" (Design Package) that sets forth the concept plans and programming for the development of 688 acres within the Great Park. The ALA II subdivided the 688-acre Orange County Great Park Improvement Area into a number of subareas, including: Upper Bee, Bosque, Sports Park, Agriculture, Golf Course and Wildlife Corridor.

The Agriculture Subarea is a 70-acre parcel encircling the Federal Aviation Administration's (FAA) navigational beacon at the center of the park (site map of Agriculture Subarea included as Attachment 1). Agriculture was proposed as a component of the park at this location both to serve as a link to the agricultural heritage of the land, as well as, to serve as a buffer to development around the beacon. FAA regulations limit the construction of buildings, fences or other obstructions within 1,000 feet of the beacon.

Agriculture is a long-standing interim use at the Great Park. Orange County Produce and other agricultural lessees have farmed various parts of the park since prior to closure of the base. Agriculture has made productive use of the property with the flexibility to relocate on relatively short notice as park and neighborhood development has advanced across the former base. The Design Package anticipated that these existing agricultural parcels would be consolidated within the 70-acre Agricultural Subarea at the appropriate time in the Great Park development process.

A.G. Kawamura, owner of Orange County Produce and long-time lessee to the City, has expressed an interest in working with the City to design and implement an agricultural-based public amenity at the Great Park called Full Circle Farm (a summary of Full Circle Farm concept included as Attachment 2). The concept greatly expands on the traditional row crops, which have become a common site on the former base, to incorporate more interactive features to engage park visitors. Some of the key features of the proposed Full Circle Farm concept include:

- Farmer's market
- Incredible Edible Farm – a continued partnership with the Second Harvest Food Bank
- Culinary institute and cafe – incorporating a direct farm-to-table educational experience and cuisine
- Permaculture and biofuel displays
- Orchards
- Urban agriculture exhibits

The proposal also includes the co-location of the Farm + Food Lab in the area of the Full Circle Farm and outsourced Farm + Food Lab operations to capitalize on the complementary uses and opportunity for cross visitation. Mr. Kawamura has proposed that

both Full Circle Farm and Farm + Food Lab be operated by his non-profit, Solutions for Urban Agriculture (SFUA), through a lease or operating agreement with the City.

Staff is seeking direction from the Board to engage in more detailed negotiations with Mr. Kawamura and representatives of SFUA regarding the implementation of the Full Circle Farm at the Great Park. If so directed, staff will return to the Board for consideration of an implementation agreement.

ALTERNATIVES CONSIDERED

The Orange County Great Park Board could choose not to direct staff to negotiate with SFUA regarding the Full Circle Farm concept or direct staff to develop a Request for Proposals (RFP) seeking alternative parties to lease or operate within the Agriculture Subarea.

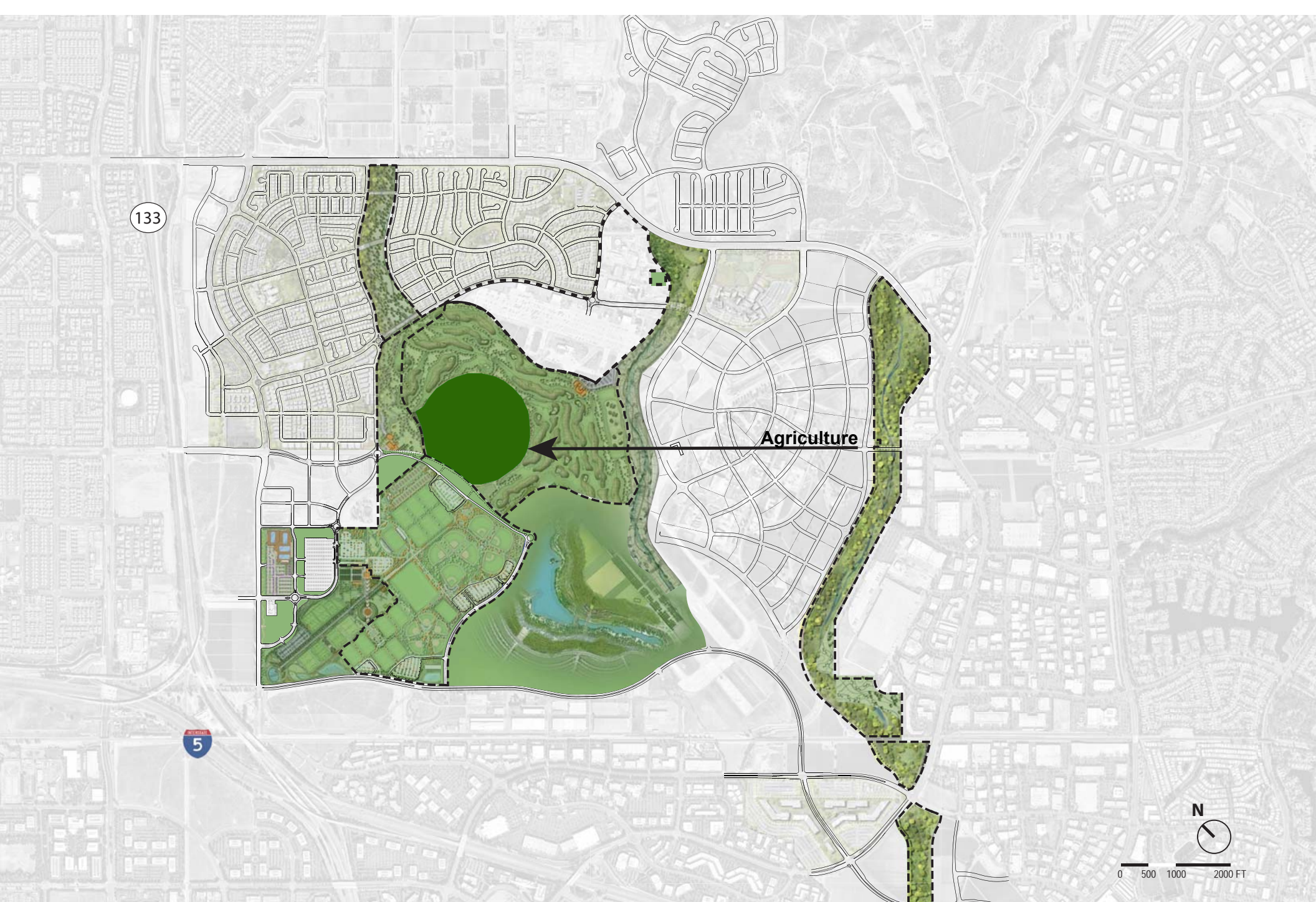
FINANCIAL IMPACT

The Full Circle Farm concept has the potential for positive financial impact to the City through lease payments, and as a complementary use that drives visitation and user fees elsewhere in the Great Park. If Full Circle Farm were to include the outsourced operation of the Farm + Food Lab, as proposed, there could be further positive financial impacts through reduction of City costs. These financial impacts will be better understood once an agreement has been developed through negotiations with representatives from SFUA.

REPORT PREPARED BY Pete Carmichael, Director, Orange County Great Park

ATTACHMENTS

1. Site map of Agriculture Subarea
2. Summary presentation of Full Circle Farm provided by Solutions for Urban Agriculture





SOLUTIONS
for **URBAN AG**

FULL CIRCLE FARM
OC GREAT PARK
JUNE 27, 2017

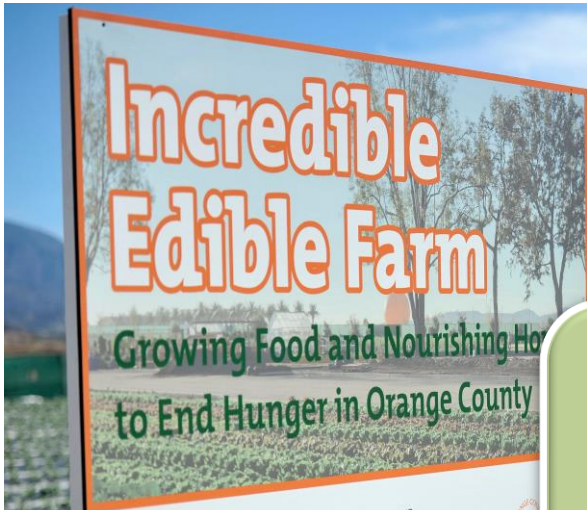
ATTACHMENT 2 TO STAFF REPORT DATED 6/27/17

SFUA Background

- Established in 1991 as a non-profit farming & educational programming organization
- Similarly aligned vision of financial & environmental sustainability
- Uniquely qualified Board & Executive team
 - Depth of experience in urban farming & program management (public & private)
 - Wealth of industry contacts
 - Years of successful fundraising experience (e.g. capital campaigns and program sponsorship)

Trends in Urban Agriculture

- Resurgence of interest in where our food comes from and how it's grown
- Local food production & purchases
- Public urban agriculture programming
- Agritourism & private programming
- Introduction of 'agrihoods' & commercial development with local food themes



**Incredible
Edible Farm
Partner**



Farm Lease Tenant

**SFUA'S OCGP
BACKGROUND**



**Veteran-to-
Farmer
Training**



**Farm + Food Lab
Development**



Community Gleaning



Farmers Market Development

Unique Site Attributes

Designated Agriculture Area



EXISTING PROGRAM ELEMENTS

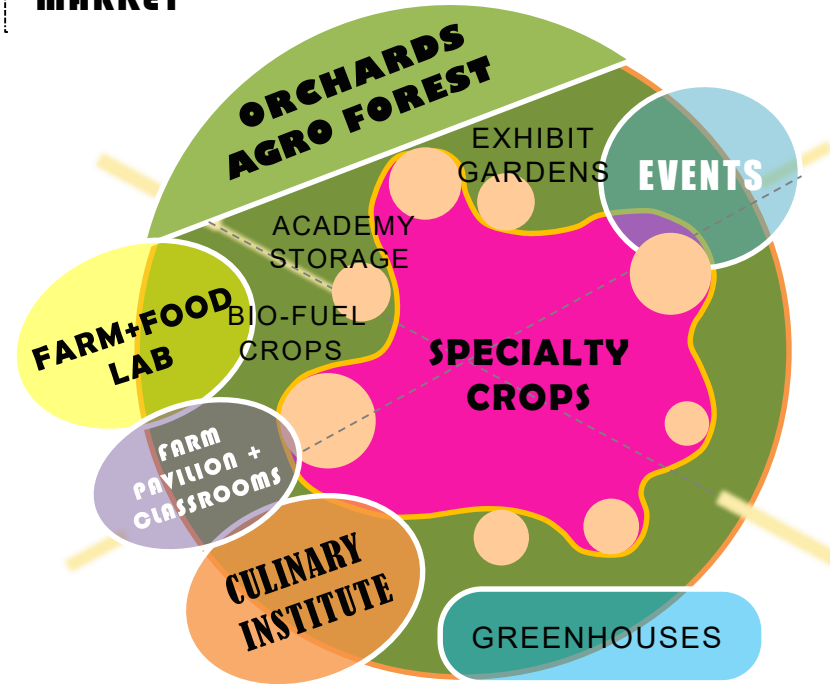
- FARMERS MARKET
- FARM + FOOD LAB
- INCREDIBLE EDIBLE FARM #2 (IEF2)

PROPOSED PROGRAM ELEMENTS

- ORCHARDS
- AGRO FOREST
- FARM ACADEMY
- ACADEMY SUB PLOTS
- CULINARY INSTITUTE
- GREENHOUSES
- EVENTS LAWN
- PERMACULTURE
- SPECIALTY CROPS
- BIO FUEL CROPS
- EXHIBIT GARDENS
- FARM PAVILION
- FULL CIRCLE WALK
- Note: no elements are location-specific

**FARMERS
MARKET**

IEF2



CONCEPT DESIGN & VISION



FARMING FOR THE FUTURE





**Incubator
Kitchen &
Culinary Training**



Farm-to-Table Café

NEW PROGRAM ELEMENTS



Permaculture



**Outdoor kitchen &
cooking classes**

OUTDOOR CAFE

FARM + FOOD LAB

EVENT LAWN

ORCHARDS

GREENHOUSES



PROMENADE

PERMACULTURE

AGRO-TOURISM



EVENT LAWN

FARM + FOOD LAB

ORCHARDS

GREENHOUSES

FARM STAND/
MARKET

AGRO-TOURISM

PROMENADE

CULINARY ARTS

DINING FRESH

Community Value of Full Circle Farm

Economic Value



Attracts residents and businesses, creates local jobs, prompts tourism and saves costs in a multitude of ways

Community Value



Improves resident satisfaction; is an effective binding agent for creating a rich culture and sense of “community”

Public Health Value



Provides access to locally, sustainably grown nutrient-dense food supply; provides therapeutic benefits to users

Educational Value



Creates awareness and encourages healthy eating and living habits

Environmental Value



Fosters conservation and stewardship; embraces sustainable agricultural practices

Strategic Partnership

- Implementation of proven public-private partnership model, efficiency/synergy with one managing entity
- Uniquely qualified Board & Executive team, capable of managing existing & new programmatic elements
- Reduction of City operating expenses through diverse revenue streams & philanthropic support
- Addition of exciting amenities that will contain both passive & active uses for visitors
- Accelerate establishment of OCGP as Southern California's premiere landmark in urban recreational life

Partnership Framework

- Outsourcing of Existing Operations:
 - Farm + Food Lab planning & management (in collaboration with UC Master Gardeners)
 - Incredible Edible Farm program management (in collaboration with Second Harvest Food Bank)
 - Farmers Market operation & management
- Addition of New Program Elements:
 - Lease & operation of inspirational 'Full Circle Farm' space (approximately 70 acres) that would look to include a diversity of educational and recreational programs available to the public
- SFUA seeks to negotiate a ground lease and/or operating agreement for this exciting new amenity



MINUTES

ORANGE COUNTY GREAT PARK BOARD REGULAR MEETING

June 27, 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 June 27, 2017 at 2:02 p.m. in the City Council Chamber; Chairman Wagner presiding.

ROLL CALL

Present:	3	Director:	Christina Shea
		Vice Chairwoman:	Melissa Fox
		Chairman:	Donald P. Wagner

Absent:	2	Director:	Jeffery Lalloway
		Director:	Lynn Schott

PLEDGE OF ALLEGIANCE

Chairman Wagner led the Pledge of Allegiance.

DIRECTOR, OCGP, REPORT

Pete Carmichael, Director, Orange County Great Park, provided a brief update on forward planning and construction progress, noting the upcoming Great Park Grand Opening and Opening Day festivities on August 5 and 6; and invited Laurie Hoffman,

Director of Community Services, to provide information on scheduled activities, as well as Sports Park Phase 1 program and operations.

Board discussion included: requesting new Great Park operator contracts be brought before the Board for informational purposes; suggested a promotional reel highlighting the festivities of the Great Park Opening Day be played during the Movies on the Lawn series; and announced that the Orange County Soccer Club would be offering Irvine residents half price tickets to its July 1 game, with the City's Animal Services Unit being recognized that evening.

Sean Joyce, City Manager, thanked L.J. Edgecomb for hosting a tour of the Sports Park; and noted Barry Curtis, Manager of Planning Services, was appointed as the Director of Community Development for the City of Costa Mesa.

BOARDMEMBER REPORTS

There were no 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 by those members present (Directors Lalloway and Schott absent) to approve Consent Calendar Item Nos. 1.1 and 1.2.

1.1 MINUTES

ACTION:

- 1) Approved the minutes of a regular meeting of the Orange County Great Park Board held on May 23, 2017.
- 2) Approved the minutes of a special joint meeting of the Irvine City Council and the Orange County Great Park Board held on June 13, 2017.

1.2 AMENDMENT TO FARMING LEASE BETWEEN CITY OF IRVINE AND EL TORO FARMS, LLC

ACTION:

- 1) Recommended that the City Council approve a Twelfth Amendment to Farming Lease, authorizing a two-year lease extension with El Toro Farms, LLC.
- 2) Recommended that the City Council authorize the City Manager or his designee to execute the Twelfth Amendment to Farming Lease.

2. BOARD BUSINESS

2.1 EXCLUSIVE NEGOTIATING AGREEMENT WITH WILD RIVERS, LLC. FOR A WATER PARK AT THE ORANGE COUNTY GREAT PARK

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

Sean Joyce, City Manager, clarified that this was not a sole-source contract; rather, that after an extensive national solicitation of proposals for the Great Park, the Board directed staff to enter into an exclusive negotiation agreement with Wild Rivers, LLC.

Board discussion included: expressing concern with the proposed construction timeline; and whether the potential for inclement weather was considered.

Mr. Carmichael noted that collaborative efforts were made with Wild Rivers, the City Attorney and City staff in order to provide the most efficient and expeditious process possible.

Mike Riedel, Wild Rivers Waterpark, reiterated an approximate timeframe for building the waterpark.

ACTION: Moved by Director Shea, seconded by Vice Chairwoman Fox, and unanimously carried by those members present (Directors Lalloway and Schott absent) to:

ACTION:

Recommend that the City Council approve the Exclusive Negotiating Agreement with Wild Rivers, LLC.

2.2 FEASIBILITY ANALYSIS FOR ORANGE COUNTY GREAT PARK GOLF COURSE

This item was agenized at the request of Vice Chairwoman Fox who questioned financial feasibility of a golf course, and further noted that upon additional review, she was ready to move forward with staff's original recommendation.

Ed Getherall, National Golf Foundation Senior Project Director, provided an overview of the proposed golf course and responded to Board questions.

The following individuals spoke in favor of the golf course:

Andy Frank
Charles Davidson
Dave Chapple
Patrick Burke
Robert Ford
Rick Adams
Paul Smolinsky

A.D. Zelinko, Irvine resident, spoke in opposition, noting a preference to reduce the acreage of the golf course and suggested dedicating the remainder of the acreage to other amenities.

Board discussion included: noting that the golf course provided the economic engine to support of other amenities at the Great Park; and clarified that the proposed golf course, along with other amenities, would provide balance to the community.

ACTION: Moved by Vice Chairwoman Fox, seconded by Director Shea, and unanimously carried by those members present (Directors Lalloway and Schott absent) to:

Affirm the Golf Course use at the Orange County Great Park.

2.3 MODIFICATIONS TO GREAT PARK CONCEPTUAL DESIGN AND SPACE PLANNING

Pete Carmichael, Director, Orange County Great Park, and Chris Koster, Manager of Great Park Planning & Development, presented the staff report and responded to questions. Mr. Carmichael requested removing action number 2 based on a request from Five Point Communities (FivePoint) to postpone extension of Great Park Boulevard.

Board discussion included: questioning the relocation of the Farm + Food Lab; ensuring accessibility and walkability within the Cultural Terrace and the Farm + Food Lab; and suggested coordinating the designs of the botanical gardens with the Farm + Food Lab.

Teena Spindler, Irvine resident, thanked the Board for its commitment to gardens and open space; and expressed concern that acreage taken away from the Cultural Terrace would decrease overall size of garden and open space use.

ACTION: Moved by Vice Chairwoman Fox, seconded by Director Shea, and unanimously carried by those members present (Directors Lalloway and Schott absent) to:

Recommend that the City Council approve a modification to the Boundary of the Great Park Improvement Area and direct staff to return to the Great Park Board and City Council with a budget and Letter Agreement making any modifications necessary to implement the City Council's direction.

2.4 FULL CIRCLE FARM CONCEPT AT THE ORANGE COUNTY GREAT PARK

Chris Koster, Manager Planning Development Great Park, presented the staff report and responded to questions. A.G. Kawamura and Jordan Perkins, representing Kawamura, Solutions for Urban Agricultural, also provided a PowerPoint presentation and responded to questions.

The following spoke in support of the project:

Nick Melquiades, Riverside Garden Council
Sue Struthers, Riverside Food Systems Alliance Boardmember
Joyce Jong, Riverside resident
Mark Lowry, Orange County Food Bank
Bruce Firestone, Riverside resident
Casey Anderson, Orange County Food Bureau
Christine Montevideo, 2nd Harvest Food Bank

Board discussion included: noting the uniqueness and innovativeness of this type of use; noted that the proposed concept would bring back the agricultural history of Orange County and Irvine; noted the synergy between the Sports Park and healthy locally grown foods; suggested connectivity to the Cultural Terrace and other amenities; and reiterated the need to reinvigorate the Farmer's Market.

ACTION: Moved by Director Shea, and seconded by Vice Chairwoman Fox, and unanimously carried by those members present (Directors Lalloway and Schott absent) to:

Direct staff to negotiate an agreement allowing for the implementation of the Full Circle Farm at the Orange County Great Park and return to the Board for consideration.


PUBLIC COMMENTS

Don Croucher, California Fire Museum, spoke in support of a fire museum at the Great Park.

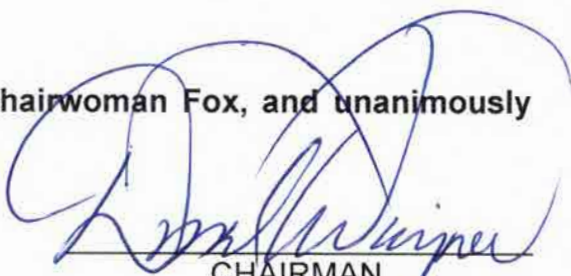
Katrina Kirkeby, spoke in favor of a botanical garden at the Great Park.

ADJOURNMENT

Moved by Director Shea, seconded by Vice Chairwoman Fox, and unanimously carried to adjourn the meeting at 4:01 p.m.

 **ASST SECRETARY**

SECRETARY/CLERK OF THE BOARD



CHAIRMAN

July 25, 2017

DATE

AGREEMENT FOR CONTRACT SERVICES

THIS AGREEMENT FOR CONTRACT SERVICES (the "Agreement") is made and entered into as of November 27, 2018, by and between the CITY OF IRVINE, a municipal corporation ("City"), and SOLUTIONS FOR URBAN AGRICULTURE, a California 501c3 Non-Profit ("Contractor"). (The term Contractor includes professionals performing in a consulting capacity.)

PART I

FUNDAMENTAL TERMS

A. Location of Project: The location is generally described and shown in Exhibit 2, included herein.

B. Description of Services/Goods to be Provided: Manage, operate, and maintain the Agricultural amenities, features, and programs at the Orange County Great Park in accordance with PART IV, Scope of Services, included herein.

C. Term: Unless terminated earlier as set forth in this Agreement, the services shall commence on January 1, 2019 ("Commencement Date") and shall continue for two (2) years, ending on December 31, 2020. The City reserves the right to extend this Agreement for up to four (4) additional one (1) year periods. Such extension shall only be valid if effectuated in writing by the City. The City's Director of Community Services shall have the authority to approve each extension. The total term of this Agreement shall not exceed six (6) years.

D. Party Representatives:

D.1. The City designates the following person/officer as the City's representative: Community Services Manager, Dena Diggins, email: ddiggins@cityofirvine.org.

D.2. The Contractor designates the following person to act as the Contractor's representative: Ann Cutner Firestone, email: acutnerfirestone@sfua.org.

E. Notices: Contractor shall deliver all notices and other writings required to be delivered under this Agreement to City at the address set forth in Part II ("General Provisions"). The City shall deliver all notices and other writings required to be delivered to Contractor at the address set forth following Contractor's signature below.

F. Attachments: This Agreement incorporates by reference the following Attachments to this Agreement:

F.1.	Part I:	Fundamental Terms
F.2.	Part II:	General Provisions
F.3.	Part III:	Special Provisions
F.4.	Part IV:	Scope of Services
F.5.	Part V:	Budget
F.6.	Exhibit 1:	Worker's Compensation Insurance Certification
F.7.	Exhibit 2:	Description of Site
F.8.	Exhibit 3:	Description of Programs and Activities
F.9.	Exhibit 4:	City of Irvine Integrated Pest Management Policy

ATTACHMENT 3

G. Integration: This Agreement represents the entire understanding of City and Contractor as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with regard to those matters covered by this Agreement. This Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if any, between the parties, and none shall be used to interpret this Agreement.

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first set forth above.

CITY OF IRVINE

By: _____
Director of Community Services
Its: Laurie Hoffman

By: _____
John A. Russo
Its: City Manager

Attest:

By: _____
Molly McLaughlin
City Clerk

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

Jeffrey Melching

SOLUTIONS FOR URBAN AGRICULTURE

By: _____
Chairman & President
Its: A.G. Kawamura

By: _____
Executive Director
Its: Ann Cutner Firestone

Contractor Information

Address for Notices and Payments:

11405 Jeffrey Road
Irvine, CA 90602

Attn: Ann Cutner Firestone
Telephone: (949) 235-0563
Email: acutnerfirestone@sfua.org

PART II
GENERAL PROVISIONS

SECTION ONE: SERVICES OF CONTRACTOR

1.1 Scope of Services. In compliance with all terms and conditions of this Agreement, Contractor shall provide the goods and/or services shown on Part IV ("Scope of Services") and the programs and activities described in Exhibit 3 (describing "Types of Programs and Activities Contractor Will Offer") hereto, which collectively may be referred to herein as the "services" or the "work." At a minimum, the programs and activities the Contractor provides shall meet or exceed the programs and activities previously offered by the City, which are described in Exhibit 3, hereto. These programs and activities shall be in addition to the other goods and/or services described in Part IV. If this Agreement is for the provision of goods, supplies, equipment or personal property, the terms "services" and "work" shall include the provision (and, if designated in the Scope of Services, the installation) of such goods, supplies, equipment or personal property.

1.2 Changes and Additions to Scope of Services. City shall have the right at any time during the performance of the services, without invalidating this Agreement, to request extra work beyond that specified in the Scope of Services (including related Exhibits) or make changes by altering, adding to, or deducting from said work. No such work shall be undertaken unless a written order, approved by the City's Director of Community Services, is first given by City to Contractor, incorporating therein any adjustment in (i) the Budget, and/or (ii) the time to perform this Agreement, which adjustments are subject to the written approval of the Contractor. City approval and/or payment for work claimed by Contractor as changed or additional shall not act to prevent City at any time to claim such work is covered by the Scope of Services and should be performed by Contractor without additional consideration due. It is expressly understood by Contractor that the provisions of this Section 1.2 shall not apply to services specifically set forth in the Scope of Services or reasonably contemplated therein. Contractor hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Contractor anticipates and that Contractor shall not be entitled to additional compensation therefor.

1.3 Standard of Performance. Contractor agrees that all services shall be performed in a competent, professional, and satisfactory manner in accordance with the standards prevalent in the industry, and that all goods, materials, equipment or personal property included within the services herein shall be of good quality, fit for the purpose intended.

1.4 Performance to Satisfaction of City. Notwithstanding any other provision herein, Contractor agrees to perform all work to the satisfaction of City within the time specified. If City reasonably determines that the work is not satisfactory, City shall have the right to take appropriate action, including but not limited to: (i) meeting with Contractor to review the quality of the work and resolve matters of concern; (ii) requiring Contractor to repeat unsatisfactory work at no additional charge until it is satisfactory; (iii) suspending the delivery of work to Contractor for an indefinite time; (iv) withholding payment; and (v) terminating this Agreement as hereinafter set forth.

1.5 Instructions from City. In the performance of this Agreement, Contractor shall report to and receive instructions from the City's Representative designated in Paragraph D.1 of Part I ("Fundamental Terms") of this Agreement. Tasks or services other than those specifically described in the Scope of Services shall not be performed without the prior written approval of the City's Director of Community Services.

1.6 Familiarity with Work. By executing this Agreement, Contractor warrants that Contractor (i) has thoroughly investigated and considered the Scope of Services to be performed, (ii) has carefully considered how the services should be performed, and (iii) fully understands the facilities, difficulties, and restrictions attending performance of the services under the Agreement. If the services involve work upon any site, Contractor warrants that Contractor has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. Should the Contractor discover any conditions, including any latent or unknown conditions, which will materially affect the performance of the services hereunder, Contractor shall immediately inform the City of such fact in writing and shall not proceed except at Contractor's risk until written instructions are received from the City's Representative.

1.7 Identity of Persons Performing Work.

(A) Contractor represents that it employs or will employ at its own expense all personnel required for the satisfactory performance of any and all tasks and services required hereunder. Any person performing the services under this Agreement on behalf of Contractor shall at all times be under Contractor's exclusive direction and control. Contractor shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of services under this Agreement and as required by law.

(B) Contractor represents that the tasks and services required hereunder will be performed by Contractor or under its direct supervision, and that all personnel engaged in such work shall be fully qualified and shall be authorized and permitted under applicable State and local law to perform such tasks and services. Contractor will exclusively determine the means, methods and details of performing the services subject to the requirements of this Agreement.

(C) This Agreement contemplates the personal services of Contractor and Contractor's employees, and it is recognized by the parties hereto that a substantial inducement to City for entering into this Agreement was, and is, the professional reputation and competence of Contractor. Neither this Agreement nor any interest therein may be assigned by Contractor, except upon written consent of City.

1.8 Prohibition Against Subcontracting or Assignment. Contractor shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of City, which shall not be unreasonably withheld. Contractor shall provide reasonable written notice to the City of its intent to subcontract for certain services. Such notice will include the name of the entity and nature of the services. City reserves the right to prohibit the use of said subcontractor but shall not unreasonably withhold its consent. In addition, neither the Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated, or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. In the event of any unapproved transfer, including any bankruptcy proceeding, City may void the Agreement at City's option in its sole and absolute discretion. No approved transfer shall release any surety of Contractor of any liability hereunder without the express written consent of City.

SECTION TWO: INSURANCE AND INDEMNIFICATION

2.1 Insurance. Without limiting Contractor's indemnification obligations, Contractor shall procure and maintain, at its sole cost and for the duration of this Agreement, insurance coverage as provided below, against all claims for injuries against persons or damages to property which may arise from or in connection with the performance of the work hereunder by Contractor, its agents,

representatives, employees, and/or subcontractors. In the event that Contractor subcontracts any portion of the work in compliance with Section 1.8 of this Agreement, the contract between the Contractor and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the contractor is required to maintain pursuant to this Section 2.1.

2.1.1 Insurance Coverage Required. The policies and amounts of insurance required hereunder shall be as follows:

A. Comprehensive General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 00 01 including completed operations and contractual liability, with limits of liability of not less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate for liability arising out of Contractor's performance of this Agreement. The limits shall be provided by either a single primary policy or combination of policies. If limits are provided with excess and/or umbrella coverage the limits combined with the primary will equal the minimum limits set forth above. If written with an aggregate, the aggregate shall be double the each occurrence limit. Such insurance shall be endorsed to:

(1) Name the City of Irvine and Orange County Great Park Corporation and their employees, representatives, officers, officials, and agents (collectively hereinafter "City and City Personnel") as additional insured for claims arising out of Contractor's performance of this Agreement.

(2) Provide that the insurance is primary and non-contributing with any other valid and collectible insurance or self-insurance available to City.

A statement on an insurance certificate will not be accepted in lieu of the actual endorsement.

B. Automobile Liability Insurance with a limit of liability of not less than \$1,000,000 each occurrence and \$1,000,000 annual aggregate. The limits shall be provided by either a single primary policy or combination of policies. If limits are provided with excess and/or umbrella coverage the limits combined with the primary will equal the minimum limits set above. Such insurance shall include coverage for all "owned," "hired" and "non-owned" vehicles, or coverage for "any auto." Such insurance shall be endorsed to:

(1) Name the City of Irvine and Orange County Great Park Corporation and their employees, representatives, officers and agents as additional insured for claims arising out of Contractor's performance of this Agreement.

(2) Provide that the insurance is primary and non-contributing with any other valid and collectible insurance or self-insurance available to City.

A statement on an insurance certificate will not be accepted in lieu of the actual endorsement.

C. Workers' Compensation Insurance in accordance with the Labor Code of California and covering all employees of the Contractor providing any service in the performance of this agreement. Such insurance shall be endorsed to:

(1) Waive the insurer's right of Subrogation against the City and City Personnel.

A statement on an insurance certificate will not be accepted in lieu of the actual endorsement unless your insurance carrier is the State of California Insurance Fund (SCIF) and the endorsement numbers 2570 and 2065 are referenced on the certificate of insurance.

Contractor's completion of the form attached hereto as Exhibit 1 shall be a condition precedent to Contractor's rights under this Agreement. Should Contractor certify, pursuant to Exhibit 1, that, in the performance of the work under this Agreement, it shall not employ any person in any manner so as to become subject to the workers' compensation laws of California, Contractor shall nonetheless maintain responsibility for requiring that any subcontractors performing work under this Agreement have and maintain workers' compensation insurance, as required by Section 3700 of the Labor Code, for the work performed under this Agreement.

D. Professional Liability Insurance with minimum limits of \$1,000,000 each claim. Covered professional services shall include all work performed under this Agreement and delete any exclusion that may potentially affect the work to be performed.

E. If the contractor maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or higher limits maintained by the contractor.

F. Evidence of Insurance: Contractor shall provide to City a Certificate(s) of Insurance evidencing such coverage together with copies of the required policy endorsements no later than five (5) business days prior to commencement of service and at least fifteen (15) business days prior to the expiration of any policy. Coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits, non-renewed, or materially changed for any reason, without thirty (30) days prior written notice thereof given by the insurer to City by U.S. mail, or by personal delivery, except for nonpayment of premiums, in which case ten (10) days prior notice shall be provided.

The City project title or description **MUST** be included in the "Description of Operations" box on the certificate.

The City's insurance certificate tracking services provider, Exigis, LLC, will send Contractor an email message providing instructions for submitting insurance certificates and endorsements.

Certificate Holder:

City of Irvine, California
c/o: Exigis LLC
PO Box 4668 ECM #35050
New York, NY 10168-4668

G. Endorsements: A statement on an insurance certificate will not be accepted in lieu of the actual endorsement. Insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for approval.

Additional Insured Endorsements shall not:

1. Be limited to "Ongoing Operations"
2. Exclude "Contractual Liability"
3. Restrict coverage to the "Sole" liability of Contractor
4. Contain any other exclusion contrary to the Agreement.

H. Any Deductible in Excess of \$50,000 and/or Self-Insured Retentions must be approved in writing by the City.

I. Acceptability of Insurers. Each policy shall be from a company with current A.M. Best's rating of A- VII or higher and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus lines brokers under applicable provisions of the California Insurance Code or any federal law. Any other rating must be approved in writing by the City.

J. Insurance of Subcontractors. Contractor shall be responsible for causing Subcontractors to maintain the same types and limits of coverage in compliance with this Agreement, including naming the City as an additional insured to the Subcontractor's policies.

2.2 Indemnification. Contractor shall indemnify, defend, and hold City and City Personnel harmless from and against any and all actions, suits, claims, demands, judgments, attorney's fees, costs, damages to persons or property, losses, penalties, obligations, expenses or liabilities (herein "claims" or "liabilities") that may be asserted or claimed by any person or entity arising out of the willful or negligent acts, errors or omissions of Contractor, its employees, agents, representatives or subcontractors which directly or indirectly relate to the work being performed or services being provided under this Agreement, whether or not there is concurrent active or passive negligence on the part of City and/or City Personnel, but excluding such claims or liabilities arising from the sole active negligence or willful misconduct of City or City Personnel in connection therewith:

2.2.1 Contractor shall defend any action or actions filed in connection with any such claims or liabilities, and shall pay all costs and expenses, including attorney's fees incurred in connection therewith. Contractor shall have the right to select and retain counsel at its own expense and to control the defense of the claim.

2.2.2 Contractor shall promptly pay any final judgment rendered against City or any City Personnel for any such claims or liabilities.

2.2.3 In the event City and/or any City Personnel is made a party to any action or proceeding filed or prosecuted for any such damages or other claims arising out of or in connection with the work being performed or services being provided under this Agreement, Contractor shall indemnify and hold City harmless. Contractor shall have the right to select and retain counsel at its own expense and to control the defense of the City and/or City Personnel. Contractor shall pay to City any and all actual costs and expenses incurred by City or City Personnel in such action or proceeding, together with reasonable attorney's fees and expert witness fees.

SECTION THREE: LEGAL RELATIONS AND RESPONSIBILITIES

3.1 Compliance with Laws. Contractor shall keep itself fully informed of all existing and future state and federal laws and all county and City ordinances and regulations which in any manner affect those employed by it or in any way affect the performance of services pursuant to this Agreement. Contractor shall at all times observe and comply with all such laws, ordinances, and regulations and shall be responsible for the compliance of all work and services performed by or on behalf of Contractor. When applicable, Contractor shall not pay less than the prevailing wage, which rate is determined by the Director of Industrial Relations of the State of California.

3.2 Licenses, Permits, Fees and Assessments. Contractor shall obtain at its sole cost and expense all licenses, permits, and approvals that may be required by law for the performance of the services required by this Agreement. Contractor shall have the sole obligation to pay any fees, assessments, and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for Contractor's performance of the services required by this Agreement, and shall indemnify, defend, and hold harmless City against any such fees, assessments, taxes, penalties, or interest levied, assessed, or imposed against City thereunder.

3.3 Covenant against Discrimination. Contractor covenants for itself, its heirs, executors, assigns, and all persons claiming under or through it, that there shall be no discrimination against any person on account of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status of any person, in the performance of this Agreement. Contractor further covenants and agrees to comply with the terms of the Americans with Disabilities Act of 1990 (42 U.S.C. §12101 et seq.) as the same may be amended from time to time.

3.4 Independent Contractor. Contractor shall perform all services required herein as an independent contractor of City and shall remain at all times as to City a wholly independent contractor. City shall not in any way or for any purpose become or be deemed to be a partner of Contractor in its business or otherwise, or a joint venture, or a member of any joint enterprise with Contractor. Contractor shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City. Neither Contractor nor any of Contractor's employees shall, at any time, or in any way, be entitled to any sick leave, vacation, retirement, or other fringe benefits from the City; and neither Contractor nor any of its employees shall be paid by City time and one-half for working in excess of forty (40) hours in any one week. City is under no obligation to withhold State and Federal tax deductions from Contractor's compensation. Neither Contractor nor any of Contractor's employees shall be included in the competitive service, have any property right to any position, or any of the rights an employee may have in the event of termination of this Agreement.

3.5 Covenant against Contingent Fees. Contractor warrants that it has not employed or retained any company or person other than a bona fide employee working for Contractor, to solicit or secure this Agreement and that it has not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to annul this Agreement without liability or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

3.6 Use of Patented Materials. Contractor shall assume all costs arising from the use of patented or copyrighted materials, including but not limited to equipment, devices, processes, and

software programs, used or incorporated in the services or work performed by Contractor under this Agreement. Contractor shall indemnify, defend, and save the City harmless from any and all suits, actions or proceedings of every nature for or on account of the use of any patented or copyrighted materials consistent with Section 2.2 herein.

3.7 Proprietary Information. All proprietary information developed specifically for City by Contractor in connection with, or resulting from, this Agreement, including but not limited to inventions, discoveries, improvements, copyrights, patents, maps, reports, textual material, or software programs, but not including Contractor's underlying materials, software, or know-how, shall be the sole and exclusive property of City, and are confidential and shall not be made available to any person or entity without the prior written approval of City. This shall not include proprietary information, including inventions, discoveries, improvements, copyrights, patents, maps, reports, textual material, or software programs developed by the Contractor outside their scope of contracted duties specified herein for their use as a non-profit entity, provided that all proprietary information developed, resulting, or otherwise derived from City property shall be deemed proprietary information developed in connection with, or resulting from, this Agreement and shall be the sole and exclusive property of City. Contractor agrees that the compensation to be paid pursuant to this Agreement includes adequate and sufficient compensation for any proprietary information developed in connection with or resulting from the performance of Contractor's services under this Agreement. Contractor further understands and agrees that full disclosure of all proprietary information developed in connection with, or resulting from, the performance of services by Contractor under this Agreement shall be made to City, and that Contractor shall do all things necessary and proper to perfect and maintain ownership of such proprietary information by City.

3.8 Retention of Funds. Contractor hereby authorizes City to deduct from any amount payable to Contractor (whether arising out of this Agreement or otherwise) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and all amounts for which City may be liable to third parties, by reason of Contractor's negligent acts, errors, or omissions, or willful misconduct, in performing or failing to perform Contractor's obligations under this Agreement. City in its sole and absolute discretion, may withhold from any payment due Contractor, without liability for interest, an amount sufficient to cover such claim or any resulting lien. The failure of City to exercise such right to deduct or withhold shall not act as a waiver of Contractor's obligation to pay City any sums Contractor owes City. This clause shall not apply to any amounts arising from the actions of third parties in connection with their criminal trespass upon or unauthorized access to the agricultural amenities listed in Part IV of this document.

3.9 Termination by City. City reserves the right to terminate this Agreement at any time, with or without cause, following upon 90-day written notice to Contractor. Upon receipt of any notice of termination from City, Contractor shall cease all services following the ninety (90) day notice, except such as may be specifically approved in writing by City. Contractor shall be entitled to compensation for all services rendered prior to receipt of City's notice of termination and for any services within 90-day period and authorized in writing by City thereafter. If termination is due to the failure of Contractor to fulfill its obligations under this Agreement, City may take over the work and prosecute the same to completion by contract or otherwise, and Contractor shall be liable to the extent that the total cost for completion of the services required hereunder, including costs incurred by City in retaining a replacement contractor and similar expenses, exceeds the Budget. It is mutually understood that both parties will endeavor to fully perform under the terms of this Agreement, and that City shall exercise its right to terminate with or without cause in good faith.

3.10 Right to Stop Work; Termination by Contractor. Contractor shall have the right to stop work and terminate only if City fails to timely make a payment required under the terms of the

Budget. Contractor shall provide City thirty (30) day prior written notice of such claimed payment owed and City shall have an opportunity to remedy any such claimed breach during such time with no legal consequence to City. Contractor shall immediately cease all services hereunder following the thirty (30) day notice, except such services as may be specifically approved in writing by City. Contractor shall be entitled to compensation for all services rendered prior to termination and for any services authorized in writing by City thereafter. If Contractor terminates this Agreement because of an error, omission, or a fault of Contractor, or Contractor's willful misconduct, the terms of Section 3.9 relating to City's right to take over and finish the work and Contractor's liability shall apply. It is mutually understood that both parties will endeavor to fully perform under the terms of this Agreement, and that Contractor shall exercise its right to terminate for failure to make timely payment in good faith.

3.11 Waiver. No delay or omission in the exercise of any right or remedy by a nondefaulting party with respect to any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent act. A waiver by either party of any default must be in writing.

3.12 Legal Actions. Legal actions concerning any dispute, claim, or matter arising out of or in relation to this Agreement shall be instituted and maintained in the Superior Courts of the State of California in the County of Orange, or in any other appropriate court with jurisdiction in such County, and Contractor agrees to submit to the personal jurisdiction of such court.

3.13 City's Option to Mediate. As an alternative to litigation, City shall have the right to request and Contractor additionally agrees to mediate any dispute, claim, or matter arising out of or in relation to this Agreement in accordance with the provisions of the California Mediation Code in an effort to reach a mutually acceptable agreement. Nothing in this section shall operate to limit City's right to take legal action concerning any dispute, claim, or matter arising out of or in relation to this Agreement in accordance with Section 3.13 in lieu of electing to pursue mediation as provided herein.

3.14 Rights and Remedies are Cumulative. Except as may be expressly set forth in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies or other rights or remedies as may be permitted by law or in equity shall not preclude the exercise by such party, at the same or different times, of any other rights or remedies to which such party may be entitled.

3.15 Attorneys' Fees. In any action between the parties hereto seeking enforcement of any of the terms or provisions of this Agreement or in connection with the performance of the work hereunder, the party prevailing in the final judgment in such action or proceeding, in addition to any other relief which may be granted, shall be entitled to have and recover from the other party its reasonable costs and expenses, including, but not limited to, reasonable attorney's fees, expert witness fees, and courts costs. If either party to this Agreement is required to initiate or defend litigation with a third party because of the violation of any term or provision of this Agreement by the other party, then the party so litigating shall be entitled to its reasonable attorney's fees and costs from the other party to this Agreement.

3.16 Force Majeure. The time period specified in this Agreement for performance of services shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of City or Contractor, including, but not restricted to, acts of nature or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including City, if the delaying party shall within ten (10) days of the commencement of such

delay notify the other party in writing of the causes of the delay. If Contractor is the delaying party, City shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of City such delay is justified. City's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Contractor be entitled to recover damages against City for any delay in the performance of this Agreement, however caused. Contractor's sole remedy shall be extension of this Agreement pursuant to this Section 3.16.

3.17 Non-liability of City Officers and Employees. No officer, official, employee, agent, representative, or volunteer of City shall be personally liable to Contractor, or any successor in interest, in the event of any default or breach by City, or for any amount which may become due to Contractor or its successor, or for breach of any obligation of the terms of this Agreement.

3.18 Conflicts of Interest.

(A) No officer, official, employee, agent, representative or volunteer of City shall have any financial interest, direct or indirect, in this Agreement, or participate in any decision relating to this Agreement that affects his or her financial interest or the financial interest of any corporation, partnership, association or other entity in which he or she is interested, in violation of any federal, state or city statute, ordinance or regulation. Contractor shall not employ any such person while this Agreement is in effect.

(B) Contractor represents, warrants and covenants that he, she or it presently has no interest, direct or indirect, which would interfere with or impair in any manner or degree the performance of Contractor's obligations and responsibilities under this Agreement. Contractor further agrees that while this Agreement is in effect, Contractor shall not acquire or otherwise obtain any interest, direct or indirect, that would interfere with or impair in any manner or degree the performance of Contractor's obligations and responsibilities under this Agreement.

(C) Contractor acknowledges that pursuant to the provisions of the Political Reform Act (Government Code section 87100 *et seq.*), City may determine Contractor to be a "Consultant" as that term is defined by the Act. In the event City makes such a determination, Contractor agrees to complete and file a "Statement of Economic Interest" with the City Clerk to disclose such financial interests as required by City. In such event, Contractor further agrees to require any other person doing work under this Agreement to complete and file a "Statement of Economic Interest" to disclose such other person's financial interests as required by City.

3.19 Contractor Ethics. Contractor represents and warrants that it has not provided or promised to provide any gift or other consideration, directly or indirectly, to any officer, employee, or agent of City to obtain City's approval of this Agreement. Contractor shall not, at any time, have any financial interest in this Agreement or the project that is the subject of this Agreement other than the compensation to be paid to Contractor as set forth in this Agreement. In the event the work and/or services to be performed hereunder relate to a project and/or application under consideration by or on file with the City, (i) Contractor shall not possess or maintain any business relationship with the applicant or any other person or entity which Contractor knows to have a personal stake in said project and/or application, (ii) other than performing its work and/or services to City in accordance with this Agreement Contractor shall not advocate either for or against said project and/or application, and (iii) Contractor shall immediately notify City in the event Contractor determines that Contractor has or acquires any such business relationship with the applicant or other person or entity which has a personal stake in said project and/or application. The provisions

in this Section shall be applicable to all of Contractor's officers, directors, employees, and agents, and shall survive the termination of this Agreement.

3.20 Compliance with California Unemployment Insurance Code Section 1088.8.

If Contractor is a Sole Proprietor, then prior to signing the Agreement, Contractor shall provide to the City a completed and signed Form W-9, Request for Taxpayer Identification Number and Certification. Contractor understands that pursuant to California Unemployment Insurance Code Section 1088.8, the City will report the information from Form W-9 to the State of California Employment Development Department, and that the information may be used for the purposes of establishing, modifying, or enforcing child support obligations, including collections, or reported to the Franchise Tax Board for tax enforcement purposes.

3.21 CalPERS Annuitants. If Contractor is a California Public Employees' Retirement System ("CalPERS") annuitant, Contractor must provide the City with written notification of such fact a minimum of 14 calendar days prior to commencement of services under this Agreement. Failure to provide such notification may result in termination of the Agreement, and any penalties or other costs relating thereto shall be borne by Contractor. If this Agreement remains in place, Contractor shall execute any amendment(s) to this Agreement requested by the City in order to comply with all laws and regulations applicable to CalPERS annuitants.

SECTION FOUR: MISCELLANEOUS PROVISIONS

4.1 Records and Reports. The City Manager of the City of Irvine or his/her designee reserves the right to perform such audits, performance reviews, and other evaluations (collectively 'audit') that relate to or concern this Agreement at any time. Contractor agrees to participate and cooperate in up to five (5) hours of meetings and interviews (at no additional cost to City), if the same are requested by the City in connection with such an audit. Further, provided that the City pays Contractor's commercially reasonable hourly rate for services, Contractor agrees to participate and cooperate in such additional meetings and interviews (in excess of five (5) hours), if the same are requested by the City in connection with such an audit. Upon request by City, Contractor shall prepare and submit to City any reports concerning Contractor's performance of the services rendered under this Agreement. City shall have access, with 72 hours advance written notice delivered to Contractor, to the books and records of Contractor related to Contractor's performance of this Agreement in the event any audit is required. All drawings, documents, and other materials prepared by Contractor in the performance of this Agreement (i) shall be the property of City and shall be delivered at no cost to City upon request of City or upon the termination of this Agreement, and (ii) shall not be made available to any individual or entity without prior written approval of City. The obligations of this Section 4.1 shall survive the expiration (or earlier termination) of this Agreement for a period of three (3) years. During said three (3) year period, Contractor shall keep and maintain all records and reports related to this Agreement, and City shall have access to such records in the event any audit is required.

4.2 Notices. Unless otherwise provided herein, all notices required to be delivered under this Agreement or under applicable law shall be personally delivered, or delivered by United States mail, prepaid, certified, return receipt requested, or by reputable document delivery service that provides a receipt showing date and time of delivery. Notices personally delivered or delivered by a document delivery service shall be effective upon receipt. Notices delivered by mail shall be effective at 5:00 p.m. on the second calendar day following dispatch. Notices to the City shall be delivered to the following address, to the attention of the City Representative set forth in Paragraph D.1 of the Fundamental Terms of this Agreement:

To City:

City of Irvine
One Civic Center Plaza (92606) (Hand Deliveries)
P. O. Box 19575
Irvine, CA 92623-9575

Notices to Contractor shall be delivered to the address set forth below Contractor's signature on Part I of this Agreement, to the attention of Contractor's Representative set forth in Paragraph D.2 of the Fundamental Terms of this Agreement. Changes in the address to be used for receipt of notices shall be effected in accordance with this Section 4.2.

4.3 Construction and Amendment. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The headings of sections and paragraphs of this Agreement are for convenience or reference only, and shall not be construed to limit or extend the meaning of the terms, covenants and conditions of this Agreement. This Agreement may only be amended by the mutual consent of the parties by an instrument in writing.

4.4 Severability. Each provision of this Agreement shall be severable from the whole. If any provision of this Agreement shall be found contrary to law, the remainder of this Agreement shall continue in full force.

4.5 Authority. The person(s) executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

4.6 Special Provisions. Any additional or supplementary provisions or modifications or alterations of these General Provisions shall be set forth in Part III of this Agreement ("Special Provisions").

4.7 Precedence. In the event of any discrepancy between Part I ("Fundamental Terms"), Part II ("General Provisions"), Part III ("Special Provisions"), Part IV ("Scope of Services"), and/or Part V ("Budget") of this Agreement and/or the Exhibits to this Agreement, the order of precedence shall be as follows.

Part III
Part II
Part IV
Exhibits 2-4
Part V
Part I
Exhibit 1

PART III

SPECIAL PROVISIONS

- I. **Business License Requirement.** Contractors who provide services for the City of Irvine within the city limits of Irvine shall obtain, within five (5) days of executing this Agreement and prior to commencing any work herein, a City of Irvine business license and shall maintain a current business license throughout the term of this Agreement.
- II. **Live Scan Fingerprinting Requirements.** Prior to commencing services, Contractor is required to successfully pass a Department of Justice fingerprinting background check ("Live Scan") performed by a certified fingerprinting service provider or at the City of Irvine Police Department. The Contractor shall be responsible for obtaining the Live Scan for its staff and its volunteers and shall bear the cost thereof. The agency completing the fingerprints must provide the City of Irvine Human Resources with the background check results and subsequent records for review. Contractors must obtain a Contractor's badge issued by the City of Irvine Human Resources prior to performing work.
- III. **Future Relocation of Farm and Food Lab.** Contractor acknowledges the City's plans for relocation of the Farm + Food Lab and its related urban agriculture programs.
- IV. **Covenant to Consider Part-time Staff for Employment.** Contractor acknowledges that knowledgeable and experienced part-time staff currently operate and maintain the Farm + Food Lab and its related urban agriculture programs. Prior to assuming responsibility for the operation and maintenance of the Farm + Food Lab and programs, Contractor agrees and covenants that Contractor shall provide current part-time staff with the opportunity to interview and be considered for employment with Contractor upon commencing services.
- V. **Reservation of Intellectual Property and Sponsorship Rights.**

As used herein, the term "intellectual property" includes, in any and all jurisdictions, ideas, concepts, information, materials, processes, data, programs, know-how, improvements, discoveries, developments, designs, artwork, formulae, other copyrightable works, and techniques and all copyrights, trademarks and their associated goodwill, mask work rights, patents, and any applications, publications and registrations thereof as recognized by the laws of any jurisdiction or country.

 - A. **City Sponsorship**

Contractor acknowledges that City and the Orange County Great Park ("OCGP"), jointly, reserve and retain all rights to any and all intellectual property with respect to the Farm + Food Lab and its related urban agriculture programs under this Agreement, including but not limited to, the right to pursue and acquire sponsors for the Farm + Food Lab, for the Orange County Great Park ("OCGP"), or any programs affiliated therewith (referred to as a "City Sponsorship").
 - B. **Contractor Sponsorship**

Nothing in this Agreement grants or transfers, by implication, waiver, estoppel, or otherwise, to Contractor or any third party any intellectual property rights or other right, title, or interest in or to the Farm + Food Lab and programs. Without in any way limiting the foregoing reservation of intellectual property rights, Contractor may pursue and acquire sponsors for the Farm + Food Lab or any programs affiliated therewith (referred to as a "Contractor Sponsorship"), provided that: (A) nothing in

this Agreement shall restrict, reduce, or otherwise limit City's ability to enter into, maintain, and enforce any exclusivity requirements of a City Sponsorship, and (B) in the event that a City sponsorship and Contractor sponsorship conflict, such as if a Contractor Sponsorship violates the exclusivity requirements of a City Sponsorship, or vice versa, the City and Contractor hereby agree that the City Sponsorship shall supersede and otherwise restrict the Contractor Sponsorship.

- VI.** PART II GENERAL PROVISIONS, Section 2.1.1 - B. Automobile Liability Insurance, is deleted in its entirety.
- VII.** PART II GENERAL PROVISIONS, Section 2.1.1 - D. Professional Liability Insurance, is deleted in its entirety.

PART IV

SCOPE OF SERVICES

Services shall be performed as set forth below.

I. Description of Agricultural Amenities and Features ("Site")

Contractor shall be responsible for operating and maintaining the agricultural amenities and features at the Orange County Great Park (Great Park) described below and identified on Exhibit 2. Contractor shall also be responsible for operating and maintaining the types of programs and activities described in Exhibit 3, hereto. The programs and activities Contractor provides shall meet or exceed the programs and activities previously offered by the City, which are described in Exhibit 3, hereto. These programs and activities shall be in addition to the other goods and services set forth in this Part IV.

A. Farm + Food Lab

An interactive outdoor space with a focus on gardening and horticulture. The amenity includes various themed raised beds, vertical gardening, worm compost bins, chicken coop, and solar and wind-powered lights.

B. Farm + Food Lab Annex

A lab area for growing and cultivating plants to enhance the Farm + Food Lab's themed raised beds and exhibits, create educational experiences that enhance visitor's understanding of gardening; and provide décor to harvest for City programs and events.

C. Giving Grove

An orange tree orchard maintained and gleaned for donations to local food banks.

D. Certified Farmers Market

A weekly visitor experience showcasing local farmers, artisans, and food vendors. City currently operates the Farmers Market with an outside contractor. City reserves the right to close the Farmers Market due to scheduled park programming and events. City will provide reasonable notification of closure schedule.

II. Hours of Operation

The Farm + Food Lab public hours shall be Tuesday through Sunday from 10 a.m. to 3 p.m. and closed on Mondays for general maintenance.

The Farmers Market shall operate on Sundays from 10 a.m. to 2 p.m. Contractor shall be fully loaded in before the Park opens to the public and fully loaded out within 1.5 hours of closing. Following an event held at or near the Farmers Market location, the City shall ensure the area is free of litter prior to opening of the Farmers Market. Contractor is responsible for trash management at the Farmers Market during operating hours and shall ensure the area is free of trash within 1.5 hours of the closing.

The Farm + Food Lab Annex and Giving Grove are not open to the public, unless Contractor obtains prior written approval from the City and applicable permits and licenses required by the City or other regulatory agencies (e.g., special event permit and Alcohol and Beverage Control).

Contractor shall be responsible for providing staff coverage for: opening/closing procedures; maintenance; public hours; volunteer management; general site management; and program support for the various amenities and features described in Section I; and programs and activities (types of which are described in Exhibit 4). City shall approve any changes to the operating and maintenance schedule. For example, Contractor may increase the Food + Farm Lab's hours of operation and/or add operating days for the Certified Farmers Market upon City approval. The City's Director of Community Services or designee shall have the authority to approve changes to the operating and maintenance schedule. City reserves the right, with reasonable notice, to modify operating and maintenance schedules to meet the needs of the Great Park.

City shall provide Contractor with a provisional workspace area, subject to availability.

III. Customer Service Standards

Contractor shall agree to provide reasonable staff training and development programs that minimize the employee turnover rate. Contractor shall uphold City standards to provide a consistent level of customer service and visitor experience, including but not limited to, clearly and effectively communicating with visitors, retaining general knowledge of the Great Park and its programs, resolving conflict, and serving the public in a courteous, congenial, tactful, and helpful manner.

In addition to customer service related tasks, on occasion the Contractor shall be required to participate in various types of City-sponsored training, including, but not limited to the following: customer service, park education, emergency procedures, and operational policies/procedures.

IV. Enhancing Visitors' Experiences at the Farm + Food Lab

A. Free to the Public Classes and Activities

Contractor shall offer various programs, workshops, and/or activities to the public free of charge at the Farm + Food Lab. Such free programs and activities shall be comparable to or exceed the programs and activities previously offered by the City, as described in Exhibit 3. These programs and activities shall be in addition to the other goods and services set forth in this Part IV. City shall be responsible for managing registration of free classes and activities. Contractor shall provide a description of proposed program offerings and schedule to the City on a quarterly basis unless otherwise mutually agreed upon by the City and Contractor. The City reserves the right to review and approve all proposed programs and schedules to ensure cohesive integration with other City-produced programs.

B. Fee-Based Classes and Activities

City shall grant Contractor authority to charge fees for additional classes and activities offered in the Farm + Food Lab. Contractor shall be responsible for managing the registration process for such additional classes and activities. At the City's discretion, City shall provide marketing support through collateral material such as *Inside Irvine*. Contractor shall not schedule any fee-based class or activity, similar in nature to a city program within one hour before the start or finish of the city program. The City reserves the right to review and approve all proposed programs and schedules to ensure cohesive integration with other City-produced programs. Contractor shall provide a description of proposed program offerings and schedule to the City on a quarterly basis unless otherwise mutually agreed upon by the City and Contractor.

C. Facility Reservations

City shall grant Contractor authority to charge fees for facility reservations in the Farm + Food Lab. Contractor shall provide turnkey management and production services and shall ensure proper use of Site and communication and coordination with City staff. Contractor shall be responsible for ensuring the use also adheres to the Orange County Great Park Site Practices and Procedures as outlined in Exhibit 4; City reserves the right to modify as needed and will provide reasonable notification of changes.

D. Other Program Support

Contractor shall provide logistical and/or program support when City-produced programs and events require use of the Site. The level of logistical and/or program support shall be mutually agreed upon by the City and Contractor on a case-by-case basis.

V. Volunteer Management

Contractor shall develop, manage, and maintain volunteer opportunities to assist with operation and maintenance and programming of the Site. For example, maintaining free educational programs offered in collaboration with volunteers from the University of California Cooperative Extension's Orange County Master Gardeners.

VI. Maintenance Standards of Existing Amenities and Exhibits

Contractor shall be responsible for maintaining to City standards the Farm + Food Lab, Farm + Food Lab Annex, and Giving Grove. Contractor shall be responsible for performing regular and routine maintenance and shall provide City with a general maintenance schedule of the Site. Contractor shall be responsible for all custodial, facility, and landscape maintenance costs. Utilities shall be paid by the City. In addition, the Contractor shall be responsible for custodial and litter pick-up for the Farmers Market.

VII. Pest Management

All pest management methods employed to perform pest control shall conform to all federal, state, and county regulations. The control methods must also conform to the City of Irvine Integrated Pest Management Policy set forth in Exhibit 5, hereto.

VIII. Installing, Maintaining, and Removing New Features and Exhibits

Contractor shall be solely responsible for all costs related to installing, maintaining, and removing new features or exhibits at the Site. Prior to Site modifications, Contractor shall obtain written approval by the City and/or additional regulatory agencies, to proceed with the installation or removal of any new or existing features and exhibits.

IX. Signage

Contractor shall provide a sign plan for review and approval by the City prior to setting-up temporary signage for any event, activity or program. City reserves the right to have signage moved or relocated at any time. Contractor shall be responsible for all signage costs.

X. Marketing and Public Relations

Marketing and public relation materials shall be reviewed and approved by the City.

PART V

BUDGET

Included in the total compensation are all ordinary and overhead expenses incurred by Contractor and its agents and employees, including meetings with City representatives, and incidental costs incurred in performing under this Agreement. The total compensation for the Scope of Services set forth herein **shall not exceed \$153,744**, including all amounts payable to Contractor for its overhead, payroll, profit, and all costs of whatever nature, including without limitation all costs for subcontracts, materials, equipment, supplies, and costs arising from or due to termination of this Agreement.

The Year 1/Baseline Year costs shall not exceed the total compensation set forth above, and the costs for Years 2 through 5 shall not exceed the maximum percentage of the Year 1/Baseline Year outlined in the schedule below, unless approved in writing by the City.

Operating Year	Operating Plan
Year 1	100% of Baseline Year
Year 2	100% of Baseline Year
Year 3	90% of Baseline Year
Year 4	80% of Baseline Year
Year 5	65% of Baseline Year
Year 6	50% of Baseline Year

Notwithstanding the above paragraphs in this Section, the City and Contractor may mutually agree to adjust the Operating Plan to reflect Contractor's actual performance on a year-to-year basis. Contractor may request an adjustment to the Operating Plan only upon the occurrence of one of the following circumstances:

- (1) A planned significant disruption of operations, such as the relocating of an Agricultural amenity/feature or program to a temporary or permanent site in connection with City construction plans;
- (2) Delays and unplanned significant disruptions of operations or unforeseeable costs and expenses due to causes beyond the control and without the fault or negligence of Contractor, including acts of nature, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including City; or
- (3) Financial underperformance or financial constraints which significantly inhibit Contractor from performing as provided under the Operating Plan when documented and substantiated by audited financial reports.

The request shall be submitted in writing on or before October 1 of the year proceeding the year in which Contractor wishes to request an adjustment to the Operating Plan. Prior to any adjustments to the Operating Plan, Contractor shall provide the City with an audited financial report of all prior years of operation and a plan outlining ability to reach 50 percent of the Baseline Year in cost to the City.

The City's Director of Community Services shall have the authority to approve adjustments to the Operating Plan, but total compensation for Year 1/the Baseline Year shall not exceed the amount listed above, and total compensation for subsequent years shall not exceed the maximum

percentage of the Year 1/Baseline Year costs outlined in the schedule above. Approval or Denial of any request to adjust the Operating Plan shall be at the City's sole discretion.

Under no circumstances shall City be required to compensate Contractor for services not actually performed. City and Contractor may mutually agree upon an adjustment to compensation in order to offset services not received in the event of a significant disruption of operations of an Agricultural amenity/feature or program due to construction or if Contractor is otherwise unable to continue to provide all services as outlined in the agreement.

No work shall be performed in connection with this Agreement until the receipt of a signed City of Irvine Purchase Order; and no work shall be performed with a value in excess of the Purchase Order amount as the City has not authorized nor is it obligated to pay Contractor any such excess amount.

In the event Contractor anticipates the potential need to perform services beyond those set forth herein where additional funding may be needed, Contractor shall notify City in writing allowing sufficient time for City to consider further action.

Payment for services will be made monthly on invoices deemed satisfactory to the City, with payment terms of net 30 days upon receipt of invoice. Contractor shall submit invoices within fifteen (15) days from the end of each month in which services have been provided. Contractor shall provide invoices with sufficient detail to ensure compliance with pricing as set forth in this Agreement. The information required may include: date(s) of work, hours of work, hourly rate(s), and material costs.

The Purchase Order number must be included on all invoices, along with the City Representative's name. Failure to include this information on the invoice shall result in the return of the unpaid invoice.

Contractors should submit invoices electronically to:

invoicesubmittal@cityofirvine.org

Payment by City under this Agreement shall not be deemed as a waiver of the City's right to claim at a later point that such payment was not due under the terms of this Agreement.

EXHIBIT 1

WORKERS' COMPENSATION INSURANCE CERTIFICATION

Contract Services Description: _____

WORKERS' COMPENSATION DECLARATION

I hereby affirm under penalty of perjury one of the following declarations:

(CHECK ONE APPLICABLE BOX BELOW)

☐ I have and will maintain workers' compensation insurance, as required by Section 3700 of the Labor Code, for the performance of the work to be performed under this Agreement and shall submit insurance certificates evidencing such coverage as set forth herein.

☐ I certify that, in the performance of the work under this Agreement, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California, and I hereby agree to indemnify, defend, and hold harmless the City of Irvine and all of its officials, employees, and agents from and against any and all claims, liabilities, and losses relating to personal injury or death, economic losses, and property damage arising out of my failure to provide such worker's compensation insurance. I further agree that, if I should become subject to the workers' compensation provisions of Section 3700 of the Labor Code, I shall forthwith comply with those provisions and immediately furnish insurance certificates evidencing such coverage as set forth herein.

WARNING: FAILURE TO SECURE WORKERS' COMPENSATION COVERAGE IS UNLAWFUL, AND SHALL SUBJECT AN EMPLOYER TO CRIMINAL PENALTIES AND CIVIL FINES UP TO ONE HUNDRED THOUSAND DOLLARS (\$100,000), IN ADDITION TO THE COST OF COMPENSATION, DAMAGES AS PROVIDED FOR IN SECTION 3706 OF THE LABOR CODE, INTEREST, AND ATTORNEY'S FEES.

Dated:	
Contracting Firm:	
Signature:	
Title:	
Address:	

EXHIBIT 2
DESCRIPTION OF SITE

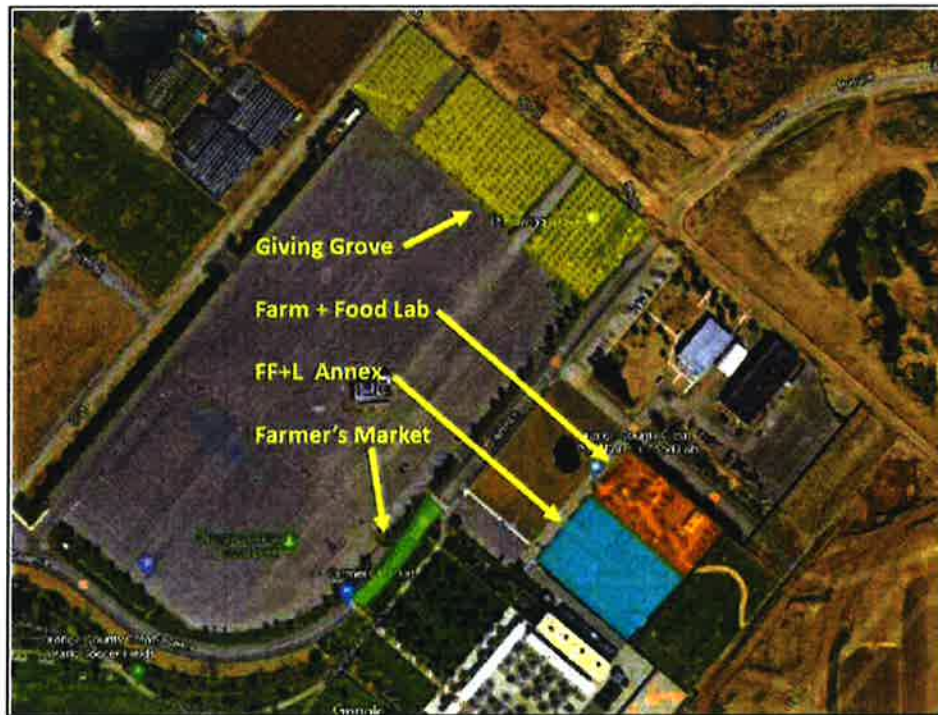


EXHIBIT 3

FREE PUBLIC PROGRAMS AND ACTIVITIES

It is expressly understood, and the Parties mutual intent, that Contractor shall offer programs, workshops, and/or activities to the public free of charge at the Farm + Food Lab. Such programs and activities shall target similar populations/age groups and shall be comparable to, or exceed, the programs and activities previously offered by the City, as set forth below:

Programs / Activities Previously Offered By the City

Workshop	Description	Offering	Age
Children's Garden Workshop*	Explore science, technology, engineering, art, math, and music in a fun and stimulating outdoor environment. Young attendees will connect the natural world with their daily lives, deepening their understanding and appreciation for nature.	11 times per year	3-9 yrs
Food for Thought Film	With significant relevance and thought-provoking stories, these films will leave attendees inspired and empowered. Participants will become more aware of the impact of food on their lives while learning about the differences and similarities of the chefs that inspire these movies.	2 times per year	18+
Garden Workshop*	Learn everything you need to know about sustainable home gardening practices. Workshops are developed in cooperation with University of California Cooperative Extension Master Gardeners of Orange County.	8 times per year	3-9 yrs 12+
Preserving the Season*	It's crafty, sustainable, delicious, and fun. See demonstrations on how to preserve what you harvest or purchase.	6 times per year	16+
Seasoned Chef	Discover how to harvest, prepare, and present seasonal and home-grown foods. Our local chef will demonstrate nutritionally rich and environmentally friendly meals that can be made at home.	6 times per year	16+
Storytime in the Garden	Creativity and imagination are stimulated through stories about the wonders of life in the garden.	12 times per year	3-8 yrs

Workshop	Description	Offering	Age
Night Programs	Explore the Farm + Food Lab after hours to discover nature at night. From plant and bug activity to outdoor nature observations, our night programs will open your eyes to the nocturnal world.	3 times per year	All ages

*Program and instruction are provided in collaboration with the UC Cooperative Extension Master Gardeners at no cost to the City or Contractor.

It is mutually understood the programs listed above may be substituted, upon mutual agreement, with comparable alternates of equal or superior quality and targeting similar populations / age groups as follows:

50% Youth Programs / Activities
20% Family Programs / Activities
30% Adult Programs / Activities

EXHIBIT 4

FARM + FOOD LAB

ORANGE COUNTY GREAT PARK SITE PRACTICES AND PROCEDURES

The Orange County Great Park (Great Park) is a public facility and has site practices and procedures in place to protect the safety and experience of its visitors and the property. Facility reservations must adhere to the following:

Special Event Permit Process

Facility reservations are required to secure a special event permit with the Irvine Police Department. All rules and regulations apply and must be completed and approved prior to facility use including, but not limited to, securing an Irvine Business License, submittal of engineer drawings, acquiring proper food and alcohol permits, and permits of other governmental entities, such as the Orange County Fire Authority.

Vehicles on Park Property

Vehicles are not permitted in the public park areas, unless escorted on site for the purpose of loading supplies in and out of the venue. Additional drop-off and load-out of materials may be transported into the venue by foot, dolly, hand carts, and/or by approved golf carts. Golf carts must be approved by the City prior to the event, and will not be accepted as a method of transportation if brought on site the day of, without prior approval. A maximum of three commercial vehicles shall be allowed on site at any given time and must be escorted by City staff.

Set-up of Event Equipment and Supplies

Great Park personnel will neither participate in, nor be responsible for, the set-up and/or break-down of event supplies and/or the venue. If the applicant requires assistance for the set-up and/or break-down of equipment, it shall be the applicant's responsibility to arrange for additional personnel, staff, or equipment to assist.

Security Services

Gates for the Great Park are open from 6 a.m. to 11 p.m. Use of the Great Park property before 6 a.m. or after 11 p.m. requires additional security by the City's contract security provider, Casitas Security. A Casitas Security Officer will monitor the event site and the City's property during the hours which the park is closed to the public. Casitas Security Officers are hired at current hourly contract rates, not inclusive of overtime, with a minimum work time of 5 hours.

Additional security may be required, as determined by the Irvine Police Department.

Custodial Services

The applicant is responsible for all event restrooms, trash services, and adjacent areas, including, but not limited to, cleaning, stocking supplies, and maintenance. City Porters are available for hire at current contract rates, not inclusive of overtime, with a minimum work time of 4 hours.

Waste Management Services

Dumpsters, trash, and recycling receptacles are the responsibility of the applicant. Cleanup of trash and debris during and following the event is the sole responsibility of the applicant and his/her representatives. Please note, this clean-up includes all areas used for the event and its associated parking areas.

Event Site, Furnishings and Amenities

The applicant accepts the premises, its furnishings, and amenities, as they are at the time of load-in and agrees that moving and/or altering any of the furnishings is prohibited unless discussed and agreed upon with City personnel.

The Great Park does not have outdoor tables or chairs available for reservations. The City will not provide any additional equipment or furnishings to support reservations.

Production Schedule and Site Layout

The production schedule and site layout shall be provided to the City no less than 3 weeks in advance of the event date. Following this date, changes to the event shall be immediately presented for approval by City personnel. This includes, but is not limited to, set-up of the venue and the schedule for load-in and load-out.

Great Park Balloon and Carousel

These amenities are available to the general public, and are not available for the exclusive use of the event, or its participants. Use of the balloon cannot be promised on the date of the event as operation of the balloon is dependent upon weather conditions, and shall be provided to guests on a first-come, first-served basis.

Parking Services

Events may be required to hire a City-approved parking contractor to provide crossing guards and traffic management. City will evaluate requirements based upon attendance and complexity of event, along with compatibility with other concurrent park activities.

Utilities

No additional lighting, generators, or power will be provided by the Great Park. The applicant shall provide any and all additional support utilities, unless otherwise arranged in advance with the City.

Event and Site Management

The applicant is required to designate one representative to be on-site to receive any deliveries, and to manage any contractors and/or vendors for the duration of the event. City will not accept any deliveries on behalf of the applicant or event.

Alcohol and Beverage Control

Applicant's requesting alcohol for an event shall obtain a license from the California Department of Alcoholic Beverage Control (ABC). Applicants shall meet all requirements of the City of Irvine and the permit conditions of the ABC liquor license. Requirements shall be adhered to for the duration of the event

Irvine Hotel Requirement

The applicant shall ensure all accommodations are contracted/secured with an Irvine hotel. Assistance with identifying local accommodations and securing hotel contracts is available with the Irvine Chamber of Commerce, Destination Irvine, and the City upon request.

Marketing

The applicant acknowledges use of the City and Great Park logo, as well as use of the Great Park Balloon and its image, for promotion and marketing of events is not permitted without prior written consent of the City's Public Information Office.

Any event marketing material that is advertised to the public must be submitted to the City for review and approval. All material must include the following disclaimer printed on the flyer or electronic communication: *This event is a private reservation and is not endorsed or sponsored by the City.*

Event Personnel

The applicant shall provide all event personnel. Including, but not limited to, personnel for management of admissions, registration and ticketing, security and crowd control, AV sound, food services, concessions, merchandise sales, custodial, and event entertainment.

Vendor Requirements

Individuals or businesses displaying or selling items, or providing a service (including bounce houses, mobile food trucks, and caterers) must have a reservation permit or serving an event/applicant with a reservation permit. Vendors must have a City Business License. Applications for an Irvine Business License are available online, contact the Irvine Police Department's Regulatory Affairs at (949) 724-6310 for information. The applicant's may also be required to obtain a Business License(s). Due to the nature of the service or items being displayed or sold, proof of liability insurance and/or Orange County Health Department Temporary Food Facility inspection permits may be required.

Insurance Requirements

The City requires liability insurance for site reservations. Insurance requirements are determined based on the City's risk assessment of the event. Insurance requirements will vary by the type of event, facility location, and number of anticipated guests; and are subject to change without notice. Insurance requirements must be fulfilled prior to approval of the application, and proof of insurance must be provided 30 calendar days or more prior to the event.



EXHIBIT 5

Public Works Department Maintenance Operations Policies and Procedures

INTEGRATED PEST MANAGEMENT PROGRAM

PURPOSE: To establish criteria for an Integrated Pest Management (IPM) Program.

POLICY: The City of Irvine will focus on long-term prevention or suppression of pest problems with minimum impact on human health, the environment, and nontarget organisms with the limited use of pesticides in accordance with direction provided by the City Council for Parks, Fields and Playgrounds; and City-wide Pest Management Guiding Principles:

City-wide Pest Management Guiding Principles

- a. Use of organic pesticides in all City properties.
- b. Limit exposure to any pesticides where children and the general public congregate.
- c. Incorporate additional guidance on use of pesticides for city rights of way, facilities, and other properties as reflected in the staff report.
- d. Use EPA Level pesticides in a targeted manner, and only if deemed necessary to protect public health and economic loss by a licensed pest control adviser and City staff, when pests cannot be managed by other methods that we would have.

PROCEDURES:

Prevention

1. Public Works Staff shall review all new development and rehabilitation projects plans to verify compatibility with the site's environment.

Monitoring

1. The Maintenance Divisions shall hire a consultant or contractor to provide regular monitoring services for all of the City's properties.



2. The consultant or contractor shall determine if pest populations are increasing, decreasing, or staying the same and to determine when to use a control tactic.
3. The consultant or contractor shall provide monthly monitoring records which include information such as date of examination, pests found, size and extent of the infestation, location of the infestation, control options utilized, effectiveness of the control options, labor and material costs.

Non Chemical Control Measures

1. The Landscape Division shall utilize cultural controls which are modifications of normal plant care activities that reduce or prevent pests. In addition to those methods used in the pest preventions, other cultural control methods include adjusting the frequency and amount of irrigation, fertilization, and mowing height.
2. The Maintenance Divisions shall utilize mechanical control tactics involve the use of manual labor and machinery to reduce or eliminate pest problems using methods such as handpicking, physical barriers, or machinery to reduce pest abundance indirectly.
3. The Maintenance Divisions shall utilize the use of environmental manipulations that indirectly control or prevent pests by altering temperature, light, and humidity can be effective in controlling pests. Although in outdoor situations these tactics are difficult to use for most pests, they can be effective in controlling birds and mammals if their habitat can be modified such that they do not choose to live or roost in the area.
4. The Maintenance Divisions shall utilize a biological control practice which uses living organisms to reduce pest populations. These organisms are often also referred to as beneficials, natural enemies or biocontrols. They act to keep pest populations low enough to prevent significant economic damage. Biocontrols include pathogens, parasites, predators, competitive species, and antagonistic organisms. Beneficial organisms can occur naturally or can be purchased and released. The most common organisms used for biological control in landscapes are predators, parasites, pathogens and herbivores.



Pesticide Controls

Pesticides are to be utilized in a prioritized approach on City properties as follows:

Parks, Fields and Playgrounds:

When pesticides are needed, use the following prioritized approach: (1) organic pesticides; (2) Water Quality Act Allowed Pesticides; and (3) EPA Level III "caution" labeled pesticides only when deemed necessary to protect public health and economic impact by a licensed pest control adviser.

Rights of Way (Street medians/parkways) – Prioritized Use of Pesticides:

- a. Use organic pesticides first, when pesticides are needed.
- b. Use Clean Water Act allowed pesticides.
- c. EPA Level III "caution" label pesticide only if deemed necessary to protect public health and economic impact by a licensed pest control adviser and City staff.
- d. EPA Level II "warning" label pesticides, only if deemed necessary to protect public health and economic loss by a licensed pest control adviser and City staff, when other methods do not adequately control the pest.
- e. EPA Level I "danger" label pesticides, only if deemed necessary to protect public health and economic loss by a licensed pest control adviser and City staff, when other methods do not adequately control the pest.

Facilities/Buildings – Prioritized Use of Pesticides:

- a. Use organic pesticides first, when pesticides are needed.
- b. Use Clean Water Act allowed pesticides.
- c. Bait formulations of insecticides will be used where appropriate.
- d. EPA Level III "caution" label pesticide only if deemed necessary to protect public health and economic impact by a licensed pest control adviser and City staff.
- e. EPA Level II "warning" label pesticides, only if deemed necessary to protect public health and economic loss by a licensed pest control advisor and City staff, when other methods do not adequately control the pest.



- f. EPA Level I "danger" label pesticides, only if deemed necessary to protect public health and economic loss by a licensed pest control adviser and City staff, when other methods do not adequately control the pest.

Other City Properties – Prioritized Use of Pesticides:

- a. Use organic pesticides first, when pesticides are needed.
- b. Use Clean Water Act allowed pesticides
- c. EPA Level III "caution" label pesticide only if deemed necessary to protect public health and economic impact by a licensed pest control adviser and City staff.
- d. EPA Level II "warning" label pesticides, only if deemed necessary to protect public health and economic loss by a licensed pest control adviser and City staff, when other methods do not adequately control the pest.
- e. EPA Level I "danger" label pesticides, only if deemed necessary to protect public health and economic loss by a licensed pest control adviser and City staff, when other methods do not adequately control the pest. Pesticides should only be used when other methods fail to provide adequate control of pests and just before pest populations cause an unacceptable damage, since the overuse of pesticides can cause beneficial organisms to be killed and pest resistance to develop.

Approvals and Application of Chemical Pesticides

- 1. Pesticides shall be approved by the Maintenance Division Superintendents for their area of oversight prior to use. A written recommendation of proposed pesticide, including commercial name, concentrations, allocation rates, usage and reentry time shall be prepared by a licensed California Pest Control Adviser and site specific schedule submitted for approval. No work shall begin until written approval of use is obtained and a notice of intent has been filed with the County Agricultural Commissioner's office, as required. Copies of Safety Data Sheets and specimen labels shall be given to the City prior to pesticide use on City property.
- 2. For Facilities and Building Maintenance, the referenced responsibilities of a licensed pest control adviser presented throughout this policy are to be performed by a California State Licensed Structural Pest Control Operator.
- 3. Chemicals shall only be applied by those persons possessing a valid California Qualified Applicator license/certificate; or a Structural Pest



Control License. Application shall be in strict accordance with all governing regulations. Records of all operations shall be kept per California Department of Pesticide Regulations, or the California Structural Pest Control Board.

4. Pesticides shall be applied in a manner to avoid contamination of non-target areas. Precautionary measures shall be employed to keep the public from entering the spray zone until it is safe.
5. Posting of signs shall be required at all park facilities when any application of pesticides is performed.

Specific requirements for posting are as follows:

- Post signs at all park entrances at least 48 hours prior to spraying applications. The vendor's contact information, chemical name and application date must be listed.
- Place spray notices inside plastic page protectors. Attach them to a four-foot (4') high wooden stake. Signs must be readable 25' away from posted area.
- Leave the same signs up for 72 hours after the spraying applications are completed, then remove promptly.
- A temporary mesh fence such as orange plastic construction fencing can be erected on the perimeter of any area that is to be treated with a broadcast type application with the intent to keep people and pets off the treated area for a period of 24 hours.

Records and Reporting

Records of all pesticides used by the Contractor on City property shall be retained in accordance with Department of Pesticide Regulations. Maintenance Superintendents will keep records of all pesticide usage and the Public Works Department will provide an annual report to the City Council.



Manuel Gomez, Director of Public Works

Approved: March 2, 2016



CITY OF IRVINE BUDGET ADJUSTMENT REQUEST FORM

Department: Community Services
Requestor: Laurie Hoffman

Finance Comm. Date:
City Council Date: November 27, 2018

Approval Exception (A - O):
(see Financial Policies - Budget Adjustment)

Finance Use Only - Batch Record Number	
GL	<u> </u>
JL	<u> </u>
Posting Date	<u> </u>
Posted by	<u> </u> /date

Reason Code: 0012 Mid Year Adjustment

Explanation for Request:

Request to appropriate funds to contract services to pay for services to be provided by SFUA from December - June 30, 2019 upon approval by OCGP Board and City Council.

Approvals:

Department Approval Date

Budget Office Approval Date

Fiscal Services Approval Date

City Manager Approval Date

REVENUES AND TRANSFERS-IN

Fund #	Account Number				Amount
	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
Subtotal					0

EXPENDITURES AND TRANSFERS-OUT

Fund #	Account Number				Amount
	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
180	9131134341	4020			(62,872)
180	9131134341	4110			(14,000)
180	9131134341	4310			76,872
Subtotal					0

CHANGE TO FUND BALANCE

Fund #	Account Number				Amount
	GL		JL		Increase or (Decrease)
	Org Key	Object Code	Job Key	Object Code	
Subtotal					0

No Change in Fund Balance

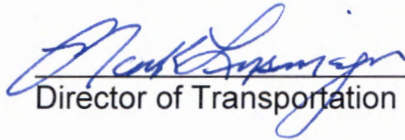
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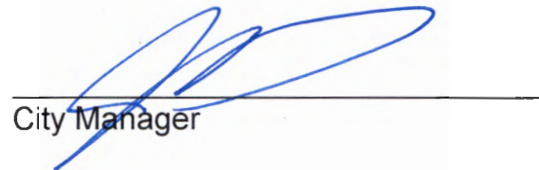
REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: 2019 BICYCLE CORRIDOR IMPROVEMENT PROGRAM GRANT
APPLICATION FOR JEFFREY OPEN SPACE TRAIL AND
INTERSTATE 5 BICYCLE AND PEDESTRIAN BRIDGE PROJECT



Director of Transportation



City Manager

RECOMMENDED ACTION

1. Authorize staff to submit a grant application to the Orange County Transportation Authority (OCTA) for the 2019 Bicycle Corridor Improvement Program (BCIP) for construction of the Jeffrey Open Space Trail (JOST) and Interstate 5 (I-5) Bicycle and Pedestrian Bridge Project.
2. Adopt – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, AUTHORIZING SUBMITTAL OF GRANT FUNDING APPLICATION TO THE ORANGE COUNTY TRANSPORTATION AUTHORITY FOR FUNDS UNDER THE BICYCLE CORRIDOR IMPROVEMENT PROGRAM WITH CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAM FUNDING UNDER THE FIXING AMERICA'S SURFACE TRANSPORTATION FEDERAL TRANSPORTATION ACT

EXECUTIVE SUMMARY

Staff requests City Council authorization to submit a grant application to OCTA for the 2019 BCIP, and adoption of a resolution to authorize submittal of a grant application and provide necessary funds to construct the JOST, I-5 Bicycle and Pedestrian Bridge Project.

TRANSPORTATION COMMISSION RECOMMENDATION

On October 16, 2018, the Transportation Commission voted 4-0, with Commissioner Montgomery absent, to recommend City Council authorize staff submit a grant application and adopt a resolution to submit an application to OCTA under the 2019 BCIP grant program.

ANALYSIS

On September 24, 2018, OCTA issued a notice inviting grant applications for the 2019 BCIP, seeking bicycle-pedestrian projects that reduce traffic congestion and improve air quality. A total of \$25 million is available countywide for Fiscal Years 2019-20 through 2023-24 from this program. BCIP grant awards are limited to a maximum of \$4 million per project phase, and require a 12 percent local match. Staff recommends submitting a grant

application requesting the maximum \$4 million with the City providing \$8.43 million (68 percent), which exceeds the required 12 percent match, for a total estimated cost of \$12.43 million for the construction phase. Applications for this grant program are due November 15, 2018.

OCTA requires the 2019 BCIP program applicants designate a representative authorized by City Council Resolution to submit applications for this grant program. The proposed resolution (Attachment 2) designates the City Manager as the City's representative for this purpose.

ENVIRONMENTAL REVIEW

The proposed project will span over I-5, a major highway within the California state highway system. The JOST Bridge Project requires Caltrans be the lead agency responsible for environmental approval. The City of Irvine is responsible for funding and implementation.

As required per the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA), Caltrans issued a Categorical Exemption/Categorical Exclusion Determination on June 30, 2017, for this project.

Currently, the project is in the final design and right-of-way phase, and Caltrans approved a CEQA/NEPA re-validation form on June 20, 2018. Prior to the construction phase and award of BCIP grant funds, City staff will submit another re-validation form to Caltrans.

ALTERNATIVES CONSIDERED

City Council could elect not to participate in this grant program. Staff does not recommend this alternative because securing external funding will allow the City to utilize funds for other capital improvement projects. Also, this project promotes bicycle use and walking, and supports City Council goals to reduce traffic congestion for those traveling throughout Irvine.

FINANCIAL IMPACT

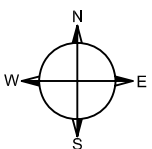
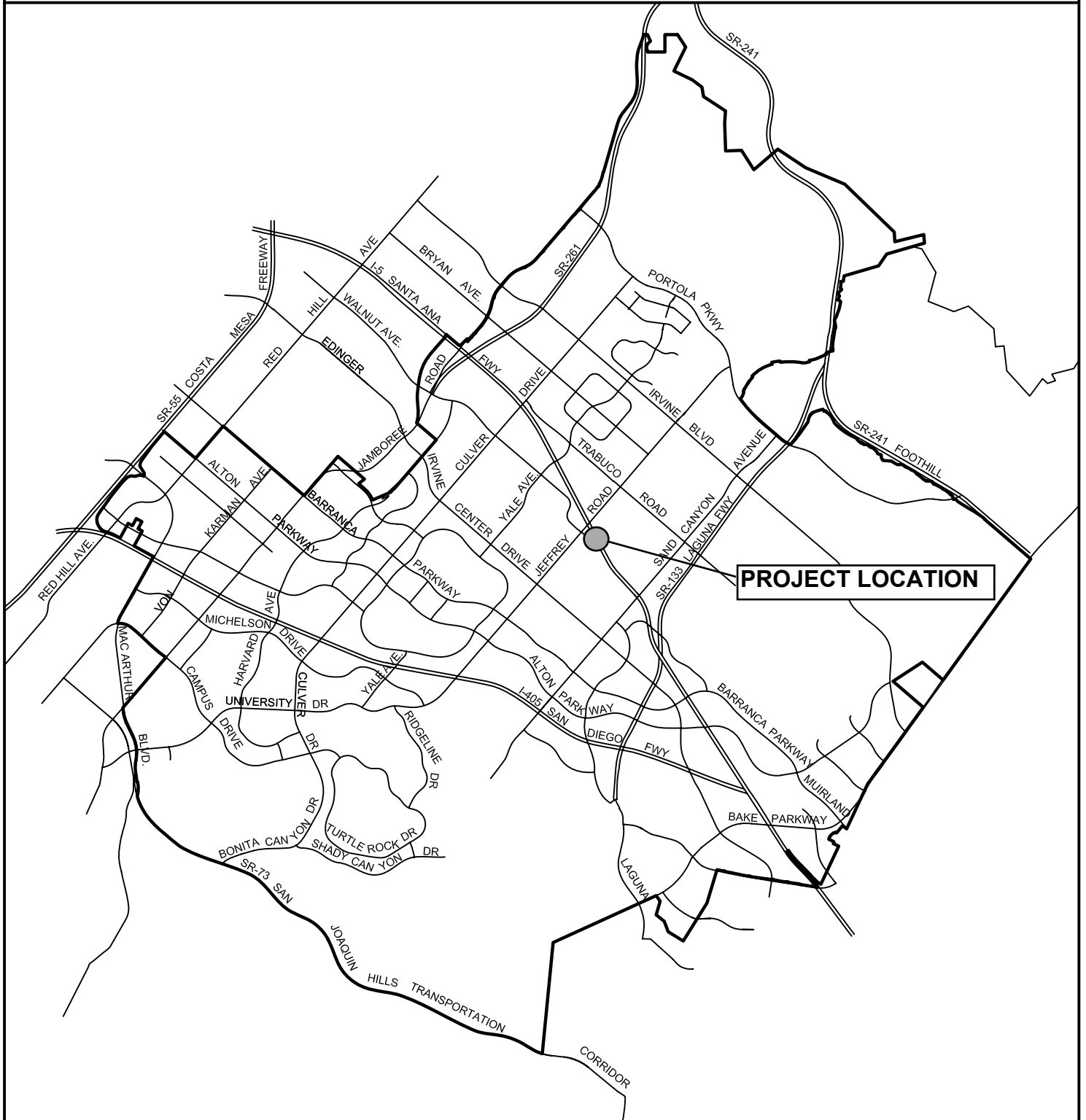
Funding for preparation of the grant application is primarily allocated to staff time and is identified in the Transportation Department operating budget. Any award of grant funding from the BCIP program does require a City matching fund commitment. Depending on the size of the award, the City's obligation could exceed \$8.43 million. Grant funds awarded and matching funds required as a result of this effort will be presented for City Council consideration and approval prior to accepting the grant funds.

REPORT PREPARED BY Cheryl Lea, Senior Transportation Analyst

ATTACHMENTS

1. Vicinity Map
2. City Council Resolution

2019 BICYCLE CORRIDOR IMPROVEMENT PROGRAM JEFFREY OPEN SPACE TRAIL AND INTERSTATE 5 BICYCLE AND PEDESTRIAN BRIDGE



VICINITY MAP



CITY COUNCIL RESOLUTION NO. 18-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, AUTHORIZING SUBMITTAL OF GRANT FUNDING APPLICATION TO THE ORANGE COUNTY TRANSPORTATION AUTHORITY FOR FUNDS UNDER THE BICYCLE CORRIDOR IMPROVEMENT PROGRAM WITH CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAM FUNDING UNDER THE FIXING AMERICA'S SURFACE TRANSPORTATION FEDERAL TRANSPORTATION ACT

WHEREAS, the United States Congress enacted the Fixing America's Surface Transportation (FAST) Federal Transportation Act on December 4, 2015, which makes Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds available to the Orange County Transportation Authority (OCTA); and

Whereas, OCTA has established the procedures and criteria for reviewing proposals; and

WHEREAS, the City of Irvine possesses authority to nominate bicycle projects funded using CMAQ funding to finance, acquire, and construct the proposed project; and

WHEREAS, by formal action the City Council authorizes the nomination of the below listed project, including all understanding and assurances contained therein, and authorizes the person identified as the official representative of the City of Irvine to act in connection with the nomination and to provide such additional information as may be required; and

WHEREAS, the City of Irvine will maintain and operate the property acquired, developed, rehabilitated, or restored for the life of the resultant facility(ies) or activity; and

WHEREAS, with the approval of the California Department of Transportation (Caltrans) and/or OCTA, the City of Irvine or its successors in interest in the property may transfer the responsibility to maintain and operate the property; and

WHEREAS, the City of Irvine will give Caltrans and/or OCTA's representatives access to and the right to examine all records, books, papers or documents related to the bicycle project; and

WHEREAS, the City of Irvine will cause project work to commence within six months following notification from the State or OCTA that funds have been authorized to proceed by the Federal Highway Administration and that the project will be carried to completion with reasonable diligence; and

CC RESOLUTION 18-XX

ATTACHMENT 2

WHEREAS, the City of Irvine commits \$8.43 MILLION (MATCH DOLLAR AMOUNT) of SYSTEM DEVELOPMENT FUND (MATCHING FUND SOURCE) and will provide 68 PERCENT (PERCENT LOCAL AGENCY MATCH) of the total project cost as match to the requested \$4 MILLION (REQUESTED CMAQ DOLLAR VALUE) in OCTA CMAQ funds for a total project cost estimated to be \$12.43 MILLION (TOTAL PROJECT COST); and

WHEREAS, the City of Irvine may elect to commit additional funds to the project to fund an expanded scope which provides additional quantifiable benefits. The City of Irvine is required to notify OCTA to grant approval prior to commencing on the additional scope; and

WHEREAS, the City of Irvine will comply where applicable with provisions of the California Environmental Quality Act, the National Environmental Policy Act, the Americans with Disabilities Act, Federal Title VI, Buy America provision, and any other federal, state, and/or local laws, rules and/or regulations; and

WHEREAS, the City of Irvine City Council authorizes the execution of any necessary cooperative agreements between the City of Irvine and OCTA to facilitate the delivery of the project; and

WHEREAS, City of Irvine will amend the agency Capital Improvement Program to include the project if selected for funding.

NOW, THEREFORE, BE IT RESOLVED that the City of Irvine, hereby authorizes the City Manager as the official representative of the City of Irvine to apply for the CMAQ funding under the Fixing America's Surface Transportation Act for the following project:

Jeffrey Open Space Trail and Interstate 5 Bicycle and Pedestrian Bridge Project
(Construction Phase)

BE IT FURTHER RESOLVED, that the City of Irvine agrees to fund its share of the project costs and any additional costs over the identified programmed amount.

PASSED and ADOPTED by the City Council of the City of Irvine at a regular meeting held on the _____ day of _____ 2018.

MAYOR OF THE CITY OF IRVINE

ATTEST:

CITY CLERK OF THE CITY OF IRVINE

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF IRIVNE)

I, MOLLY MCLAUGHLIN, City Clerk of the City of Irvine, HEREBY DO CERTIFY that the foregoing resolution was duly adopted at a regular meeting of the City Council of the City of Irvine, held on the _____ day of _____, 2018.

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

CITY CLERK OF THE CITY OF IRVINE

1.17

RECEIVED
CITY OF IRVINE
CITY CLERK'S OFFICE

2018 NOV 20 PM 5: 28

RECEIVED

NOV 20 2018

CITY OF IRVINE
CITY MANAGER'S OFFICE

Memo

To: John A. Russo, City Manager
From: Lynn Schott, Councilwoman 
Date: November 20, 2018
Re: **Community Partnership Fund Grant Nominations**

In accordance with City Council Resolution No. 08-42, I am requesting the City Council approve the following community partnership grant awards:

1. Mariners Church - Foster Youth & Families - \$2,000

Mariners Church Foster Youth & Families works to create a safe and caring community for those interested in, or involved in hosting, fostering or adopting children in the system.

2. Reaching Youth Through Music Opportunities - \$2,000

Reaching Youth Through Music Opportunities is a non-profit after-school program designed to educate, empower and equip youth through music technology and the arts.

The above organizations are qualified 501(c)(3) tax-exempt organizations. Unless, otherwise noted, funds will be used to support program costs.

Should the City Council approve this request, the organizations will enter into Funding Agreements with the City that specify the grants use of funds, reporting requirements, and regulatory compliance.

I would like to place this item on the November 27 City Council agenda to approve these community partnership grant awards and authorize the City Manager to prepare and execute Funding Agreements.

cc: Irvine City Council
Molly McLaughlin, City Clerk

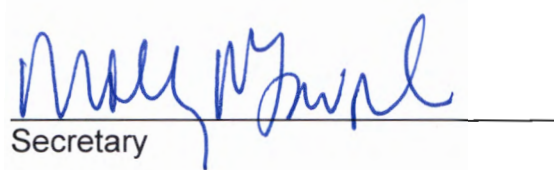
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REQUEST FOR CITY OF IRVINE AS SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: MINUTES


Secretary

RECOMMENDED ACTION:

Approve the minutes of a regular joint meeting of the City of Irvine as Successor Agency to the dissolved Irvine Redevelopment Agency with the Irvine City Council held on September 25, 2018.



MINUTES

**CITY COUNCIL
REGULAR MEETING
AND
REGULAR JOINT MEETING
WITH THE
CITY OF IRVINE AS SUCCESSOR
AGENCY TO THE DISSOLVED
IRVINE REDEVELOPMENT AGENCY**

**September 25, 2018
Conference and Training Center
One Civic Center Plaza
Irvine, CA 92606**

CALL TO ORDER

The regular meeting of the Irvine City Council and regular joint meeting with the City of Irvine as Successor Agency to the dissolved Irvine Redevelopment Agency was called to order at 4:20 p.m. on September 25, 2018 in the Conference and Training Center, Irvine Civic Center, One Civic Center Plaza, Irvine, California; Mayor/Chairman Wagner presiding.

ROLL CALL

Present:	4	Councilmember/Boardmember:	Melissa Fox
		Councilmember/Boardmember:	Jeffrey Lalloway
		Mayor Pro Tempore/Vice Chairwoman:	Christina Shea
		Mayor/Chairman:	Donald P. Wagner

Absent:	1	Councilmember/Boardmember:	Lynn Schott
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1. CLOSED SESSION

City Attorney Melching announced the following Closed Session items:

- 1.1 **CONFERENCE WITH REAL PROPERTY NEGOTIATORS** (*Government Code § 54956.8*); **Property:** *APN No. 58076135*; **Agency Negotiators:** *John Russo, City Manager; Pete Carmichael, Director of Community Development/Interim Director, Orange County Great Park; Chris Koster, Manager of Great Park Planning & Development; Kaitlyn Nguyen, Manager, Economic Development; Wil Soholt, Kosmont Companies; and Allison Lemoine-Bui, Rutan & Tucker*; **Negotiating Parties:** *City of Irvine; Wild Rivers Irvine, LLC; and EPR Irvine, LLC*; **Under Negotiation:** *Price and Terms of Payment*
- 1.2 **CONFERENCE WITH REAL PROPERTY NEGOTIATORS:** (*Gov Code § 54956.8*); **Property:** *Approximately 4.61 acre property at 17352 Derian Ave*; **Agency Negotiators:** *Marianna Marysheva, Assistant City Manager; Laurie Hoffman, Director of Community Services; Pete Carmichael, Director of Community Development/Interim Director, Orange County Great Park; and Darlene Nicandro, Project Development Administrator*; **Negotiating Parties:** *City of Irvine and MDD Derian 2 LP*; **Under Negotiation:** *Price and Terms of Payment*

City Attorney Melching noted that City Manager Russo would replace Assistant City Manager Marianna Marysheva in her absence as Agency Negotiator with respect to Closed Session Item No. 1.2.

Mike Riedel, representing Wild Rivers Irvine, LLC, spoke about his commitment to Opening Wild Rivers, and acknowledged that terms related to financing had recently changed.

RECESS

Prior to recessing the meeting to Closed Session, Mayor Wagner announced that Item 5.3 (Consideration of Mayor Wagner's Request for Discussion Regarding California State Senate Bill 54) would be continued to later date to allow for full City Council discussion.

Mayor Wagner convened the regular City Council meeting to Closed Session at 4:24 p.m.

RECONVENE TO THE CITY COUNCIL MEETING

Mayor Wagner reconvened the regular City Council meeting at 5:20 p.m. City Attorney Melching, on behalf of the City Council, announced that no reportable action was taken in Closed Session.

PLEDGE OF ALLEGIANCE

Councilmember Lalloway led the Pledge of Allegiance.

INVOCATION

Pastor Rob Mortenson from Saddleback Church in Irvine provided the invocation.

2. PRESENTATIONS

2.1 Gonsalves & Son State Legislative Update

Mayor Wagner introduced Anthony and Jason Gonsalves of Gonsalves and Son, who provided a brief state legislative update.

City Council discussion included: reiterating upcoming public policy challenges and goals for the future, which included funding for affordable housing.

CITY MANAGER'S REPORT

There was no report.

ANNOUNCEMENTS/COMMITTEE REPORTS/COUNCIL REPORTS

Mayor Pro Tempore Shea and Councilmember Fox provided brief reports on their recent attendance at the League of California Cities annual conference, held in Long Beach from September 12-14, noting different topics discussed that impact Irvine and other cities throughout the state.

Councilmember Fox also expressed her appreciation to Guy Doran, Irvine resident, for providing photos of bird species living in and around the Rancho San Joaquin Golf Course; and commended those who made the Irvine Global Village Festival a success.

Councilmember Lalloway acknowledged the attendance of former Irvine Mayor Beth Krom, who was in the audience.

Mayor Wagner made the following announcements:

- Irvine is once again the Safest City of its size for violent crime, recording the lowest per capita violent crime rate for all cities in the U.S. with a population over 250,000, according to FBI data just released for calendar year 2017, marking the 13th consecutive year that Irvine has earned this distinction. Irvine also recorded the lowest rate of total Part 1 Crime for a City of its size, which includes criminal homicide, rape, robbery, aggravated assault, burglary, larceny-theft, stolen vehicles, and arson.

- The City of Irvine has been honored for a third straight year as “Best City to Live In” by the Orange County Register’s annual “Best of OC” selections. Register readers chose the best categories, so it is particularly important in that so many community members took the time to choose Irvine as Number 1. Public safety, schools, parks and trails, diverse dining, shopping, and sports facilities all provide an unmatched quality of life in the City.
- Thoughts are with all of those on the East Coast who have been affected by Hurricane Florence and its aftermath. If you would like to support organizations helping with recovery in these areas, visit the City’s Irvine Gives website at cityofirvine.org/irvinegives and click Disaster Relief. Residents and businesses are strongly encouraged to take steps during National Preparedness Month to help protect family members and employees for any type of disaster, including earthquakes, fires, floods, and utility outages. For preparedness tips, visit cityofirvine.org/prepare.
- On Saturday, September 23, the 17th annual Irvine Global Village Festival was held at its new location, the Orange County Great Park. This year’s event was once again a great success, with more than 30,000 people attending, and more than 300 performers, vendors, and exhibitors sharing tastes, sights, and sounds from around the world. In addition, more than 400 community members volunteered their time to ensure a successful event, including 87 trained CERT program volunteers and 112 festival committee members. To provide feedback and complete a survey about this year’s festival, visit cityofirvine.org/festivals/survey.

ADDITIONS AND DELETIONS

Mayor Wagner reiterated that Item 5.3 (Consideration of Mayor Wagner’s Request for Discussion Regarding California State Senate Bill 54) would be continued to later a date to allow for full City Council discussion.

CONVENE TO THE REGULAR JOINT MEETING

Mayor/Chairman Wagner convened to the regular joint meeting with the City of Irvine as Successor Agency to the dissolved Irvine Redevelopment Agency at 5:44 p.m.

3. CONSENT CALENDAR - CITY COUNCIL

ACTION: Moved by Councilmember/Boardmember Lalloway, seconded by Mayor Pro Tempore/Vice Chairwoman Shea, and unanimously carried by those members present (Councilmember/Boardmember Schott absent) to approve City Council Consent Calendar Item Nos. 3.1 through 3.9, and Successor Agency Consent Calendar Item Nos. 4.1 and 4.2.

3.1 MINUTES

ACTION:

Approved the minutes of a regular meeting of the Irvine City Council, regular joint meeting with the City of Irvine as Successor Agency to the dissolved Irvine Redevelopment Agency, and special joint meeting with the Orange County Great Park Board held on August 28, 2018.

3.2 PROCLAMATIONS

ACTION:

Ratified and proclaimed September 9, 2018 as Stephen Siller Tunnel to Towers Foundation's "2018 Tunnel to Towers 5K Run & Walk - Orange County."

3.3 WARRANT AND WIRE TRANSFER RESOLUTION

ACTION:

Adopted RESOLUTION NO. 18-70 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, ALLOWING CERTAIN CLAIMS AND DEMANDS AND SPECIFYING THE FUNDS OUT OF WHICH THE SAME ARE TO BE PAID

3.4 2018 LOCAL AGENCY BIENNIAL NOTICE FOR THE CITY OF IRVINE

ACTION:

- 1) Received and filed the Fair Political Practices Commission 2018 Local Agency Biennial Notice for the City of Irvine.
- 2) Directed staff to return with proposed amendments to the City Council within 90 days.

3.5 NOTICE OF PENDING APPROVAL FOR A TRACT MAP IN THE IRVINE BUSINESS COMPLEX

ACTION:

Received and filed.

3.6 GRANT OF EASEMENT TO IRVINE RANCH WATER DISTRICT FOR WATER PIPELINE CATHODIC PROTECTION FACILITIES ALONG QUAIL HILL PARKWAY

ACTION:

Approved and authorized the City Manager to execute an Easement Deed and Offer Letter with Irvine Ranch Water District (**Contract No. 10405**).

3.7 PROPOSAL SELECTIONS AND BUDGET ADJUSTMENT FOR COMMUNITY CHOICE ENERGY FEASIBILITY STUDY AND STRATEGIC ENERGY PLAN

ACTION:

- 1) Approved a budget adjustment for the reallocation of existing funds and authorize staff to award a professional services contract in the amount of \$77,470 to EES Consulting, Inc. for a Community Choice Energy Feasibility Study (**Contract No. 10400**).
- 2) Approved a budget adjustment for the reallocation of existing funds and authorize staff to award a professional services contract in the amount of \$105,500 to Integral Group, Inc. to develop the City of Irvine Strategic Energy Plan (**Contract No. 10401**).

As amended to:

- 3) Directed staff to provide quarterly progress on the Community Choice Energy Feasibility Study and the Strategic Energy Plan to the Green Ribbon Environmental Committee, with updates to the City Council; and return to the City Council for approval once finalized.

(Unless otherwise directed by a member of the City Council, the vote on this matter will reflect the prior action of each Councilmember when he or she sat and voted as a member of the Board of Directors of the Orange County Great Park Corporation. However, if a Councilmember is not present at the City Council meeting, his or her vote will be reflected as absent.)

Approved 4-0-1 (Councilmember Schott absent).

3.8 QUITCLAIM OF AN EMERGENCY ACCESS EASEMENT IN IRVINE BUSINESS COMPLEX – LAKESHORE TOWERS

ACTION:

Authorized the Mayor to execute the quitclaim deed relinquishing easements on private property, Lakeshore Towers, no longer needed for emergency access purposes (**Deed No. 1633**).

3.9 SECOND READING OF ORDINANCE NO. 18-09 APPROVING AMENDMENTS TO THE CITY'S MUNICIPAL CODE RELATED TO ASSOCIATE ZONING ADMINISTRATOR APPOINTMENT PROCEDURES

ACTION:

Read by title only, second reading and adoption of ORDINANCE NO. 18-09 – AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, APPROVING AMENDMENTS TO THE CITY'S MUNICIPAL CODE RELATED TO ASSOCIATE ZONING ADMINISTRATOR APPOINTMENT PROCEDURES; FILED BY THE CITY OF IRVINE COMMUNITY DEVELOPMENT DEPARTMENT

(Unless otherwise directed by a Member of the City Council, the vote at second reading will reflect the same vote as at first reading. However, if a Councilmember was absent at first reading, his or her vote cast at second reading will be reflected. If a Councilmember is not present at the second reading/adoption, the vote will be reflected as absent.)

Approved 4-0-1 (Councilmember Schott absent).

4. CONSENT CALENDAR - SUCCESSOR AGENCY

4.1 MINUTES

ACTION:

Approved the minutes of a regular joint meeting of the City of Irvine as Successor Agency to the dissolved Irvine Redevelopment Agency with the Irvine City Council held on August 28, 2018.

4.2 2018 LOCAL AGENCY BIENNIAL NOTICE FOR THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY

ACTION:

Received and filed the Fair Political Practices Commission 2018 Local Agency Biennial Notice for the conflict of interest code for Successor Agency to the dissolved Irvine Redevelopment Agency.

PUBLIC COMMENT - SUCCESSOR AGENCY

There were no public comments.

ADJOURNMENT - REGULAR JOINT MEETING

Moved by Mayor Pro Tempore/Vice Chairwoman Shea, seconded by Councilmember/Boardmember Fox, and unanimously carried by those members present (Councilmember/Boardmember Schott absent), to adjourn the regular joint meeting with the City of Irvine as Successor Agency to the dissolved Irvine Redevelopment Agency at 5:44 p.m.

CHARIMAN, SUCCESSOR AGENCY

SECRETARY, SUCCESSOR AGENCY

November 27, 2018

2.2




REQUEST FOR CITY OF IRVINE AS SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: ADOPTION OF RECOGNIZED OBLIGATION PAYMENT
SCHEDULE OF THE FORMER IRVINE REDEVELOPMENT
AGENCY AND THE ADMINISTRATIVE BUDGET FOR THE
SUCCESSOR AGENCY TO THE DISSOLVED IRVINE
REDEVELOPMENT AGENCY, FOR JULY 1, 2019 THROUGH
JUNE 30, 2020



Director of Administrative Services



City Manager

RECOMMENDED ACTION

1. Adopt the Recognized Obligation Payment Schedule of the former Irvine Redevelopment Agency for July 1, 2019 through June 30, 2020, and authorize revisions to the reporting format, if needed to comply with potential form changes by the State of California Department of Finance.
2. Adopt the administrative budget for the Successor Agency for July 1, 2019 through June 30, 2020.

EXECUTIVE SUMMARY

The Irvine Redevelopment Agency was created to promote the development of non-aviation uses at the closed Marine Corps Air Station at El Toro. On December 29, 2011, the California Supreme Court upheld Assembly Bill x1 26 (the Dissolution Act) and directed that all redevelopment agencies in the State be dissolved effective February 1, 2012, thus prohibiting new redevelopment activities. Further modifications to the dissolution process were enacted on June 27, 2012 with the passage of Assembly Bill 1484 (AB 1484). On January 10, 2012, the City elected to become the Successor Agency to the dissolved Irvine Redevelopment Agency, and as such will wind down the affairs and pre-existing obligations of the former redevelopment agency, with certain actions subject to the direction of an Oversight Board.

Senate Bill 107 was signed by the governor on September 22, 2015 and included a provision that the Successor Agency will be required to adopt a Recognized Obligation Payment Schedule (ROPS) and administrative budget annually. The ROPS itemizes the monetary needs of the Successor Agency for fiscal year 2019-20 for enforceable obligations and administrative costs. The ROPS and administrative budget must be approved by the Successor Agency and the Oversight Board, and be submitted to the California State Department of Finance (DOF) by February 1, 2019. If approved by the DOF, the Successor Agency will be entitled to receive property tax revenue generated by the former redevelopment project area to pay for approved enforceable obligations.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not applicable.

ANALYSIS

Recognized Obligation Payment Schedule

All redevelopment agencies in California were dissolved effective February 1, 2012 and thereafter prohibited from conducting new business. The Dissolution Act and AB 1484 prescribe the procedures to wind down the affairs of the former redevelopment agencies, including the fulfillment of certain pre-existing obligations. The City of Irvine elected to become the Successor Agency to the dissolved Irvine Redevelopment Agency and manage the wind down process.

Prior to dissolution, property taxes generated from the increased assessed valuation in the redevelopment project area were redirected to the redevelopment agency in which they were generated. Post dissolution, these incremental property tax revenues are used to repay approved, pre-existing obligations of the former redevelopment agency. Any excess revenues are allocated to the affected taxing entities including schools, special districts, County and the City, as they would have been allocated absent redevelopment.

Remaining obligations of the Successor Agency include payments to the County of Orange for Implementation Agreement No. 1 for property tax revenues related to the City's annexation of the former military base and for Implementation Agreement No. 2 for repairs to County-owned property in the project area. The Successor Agency administrative costs including consultant and legal costs, administration, and the Stipulated Judgment negotiated with the State for \$292 million.

The Successor Agency must approve the ROPS requesting funds for approved enforceable obligations annually by the 1st of February preceding the fiscal year. ROPS is subject to the review and approval of an Oversight Board. The Oversight Board as of July 1, 2018 is administered by the County of Orange and is comprised of newly appointed members representing the interests of the affected taxing entities. The next Oversight Board meeting to consider the 19-20 ROPS will be on January 22, 2019. Upon approval by the Oversight Board, the DOF will consider each funding request for approval.

The ROPS for July 1, 2019 through June 30, 2020 (Attachment 1) requests payment for the balance of the Stipulated Judgment for \$236 million, County Implementation Agreement No. and administrative costs. Although the request is for the balance of the Stipulated Judgment, the actual amount received will be limited to the amount of redevelopment property tax funds available.

The Successor Agency is also required to adopt an administrative budget that is subject to the Oversight Board's approval. This budget must contain estimated costs, proposed sources for the payment of those costs, and proposals for arrangements of the

administrative services to be provided by the City. The proposed administrative budget for fiscal year 2019-20 includes these elements (Attachment 2).

Stipulated Judgment

The City and Successor Agency filed three lawsuits in Sacramento Superior Court seeking to have the following former redevelopment agency contracts upheld as enforceable obligations: the Purchase Sale and Financing Agreement, the Amended and Restated Development Agreement (ARDA) and the Redevelopment Affordable Housing Funds Grant Agreement (Land Trust Grant Agreement). The third action was filed jointly with the Irvine Community Land Trust. On July 9, 2014, the parties to the lawsuits entered into a Settlement Agreement and Release of Claims. The Sacramento Superior Court approved the Stipulated Judgment totaling \$292 million.

The terms of the settlement agreement call for the affected taxing entities to receive \$4.38 million in residual property taxes each fiscal year, before the Successor Agency receives payment towards the Stipulated Judgment. In accordance with City Council action, the Irvine Community Land Trust receives 10 percent of the \$292 million or \$29.2 million. The Successor Agency to date has received \$56 million, leaving an outstanding balance of \$236 million. In June 2018, the annual residual property tax payment to the affected taxing entities was satisfied and totaled \$4.38 million. The Successor Agency will be eligible to receive a payment estimated at \$34.7 million for the Stipulated Judgment in fiscal year 2019-20.

ALTERNATIVES CONSIDERED

No other alternatives were considered. The preparation of the ROPS is required by law. If not submitted to the DOF by February 1, 2019, the City would face penalties of \$10,000 per day and potentially a reduction of the administrative cost allowance payable to the Successor Agency.

FINANCIAL IMPACT

Adopting the ROPS and the Administrative Budget enables the Successor Agency to receive funding for enforceable obligations and the Administrative Cost Allowance if these items are also approved by the Oversight Board and the Department of Finance. The funds for the Stipulated Judgment are currently in Special Fund 180 Orange County Great Park Fund and have not been appropriated.

REPORT PREPARED BY Amy Roblyer, Senior Management Analyst

ATTACHMENTS

1. Recognized Obligation Payment Schedule, July 1, 2019 through June 30, 2020
2. Proposed Administrative Budget, July 1, 2019 through June 30, 2020

Recognized Obligation Payment Schedule (ROPS 19-20) - Summary

Filed for the July 1, 2019 through June 30, 2020 Period

Successor Agency:	Irvine
County:	Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A	Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 126,633,868	\$ 118,105,868	\$ 244,739,736
F	RPTTF	126,508,868	117,980,868	244,489,736
G	Administrative RPTTF	125,000	125,000	250,000
H	Current Period Enforceable Obligations (A+E):	\$ 126,633,868	\$ 118,105,868	\$ 244,739,736

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name	Title
/s/	
Signature	Date

Irvine Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (I), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#)

A	B	C	D	E	F	G	H	I
	Cash Balance Information for ROPS 15-16 Actuals (07/01/16 - 06/30/17)	Fund Sources						Comments
		Bond Proceeds		Reserve Balance		Other	RPTTF	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	
1	Beginning Available Cash Balance (Actual 07/01/16)					3,027,626	873,037	Transfer from Irvine Community Land Trust per SCO audit finding
2	Revenue/Income (Actual 06/30/17) RPTTF amounts should tie to the ROPS 16-17 total distribution from the County Auditor-Controller during January 2017 and June 2017.						20,514,321	
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)						20,414,028	
4	Retention of Available Cash Balance (Actual 06/30/17) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)							
5	ROPS 16-17 RPTTF Balances Remaining	No entry required						
6	Ending Actual Available Cash Balance (06/30/17) C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ 3,027,626	\$ 973,330	

CITY OF IRVINE, AS SUCCESSOR AGENCY
TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY

Proposed Administrative Budget
July 1, 2019 – June 30, 2020

Estimated Administrative Costs:

Administrative Expenses – staff personnel costs for City employees carrying out the dissolution functions; audit fees and expenses.	\$240,000
Training, duplicating, supplies	<u>\$10,000</u>
<u>Total Proposed Administrative Budget</u>	<u>\$250,000</u>

Proposed Source(s) of Payment:

Administrative cost allowance	\$250,000
<u>Total Proposed Sources of Payment</u>	<u>\$250,000</u>

Proposed arrangement for administrative and operations services provided by the City:

City employees formerly assigned to redevelopment functions will continue to staff the administrative functions associated with the dissolution of the redevelopment agency. Dissolution costs will be recorded within the General Fund, but separately from other City functions. Pursuant to Health and Safety Code Section 34171(b), the Successor Agency is entitled to receive an administrative cost allowance of up to 3% of the money from the Redevelopment Obligation Retirement Fund that is allocated to the Successor Agency for each fiscal year, but in no event less than \$250,000 per fiscal year.

3.1




REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: APPROVAL OF TAX-EXEMPT BOND ISSUANCE BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR FINANCING AND REFINANCING AN AFFORDABLE HOUSING PROJECT FOR SANTA ALICIA APARTMENTS



Director of Administrative Services



City Manager

RECOMMENDED ACTION

1. Receive staff report.
2. Open public hearing; receive public input.
3. Close public hearing.
4. City Council comments and questions.
5. Adopt - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, APPROVING THE ISSUANCE OF A REVENUE NOTE BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE PURPOSE OF PROVIDING FINANCING FOR SANTA ALICIA APARTMENTS, AND WITH REGARD TO CERTAIN OTHER MATTERS RELATING THERETO

EXECUTIVE SUMMARY

BRIDGE Housing Corporation (Borrower) has submitted an application to the California Municipal Finance Authority (CMFA) to issue tax-exempt revenue bonds to make a loan to Santa Alicia Family Associates, a California limited partnership (Santa Alicia), to refinance outstanding debt of Santa Alicia, and to finance an 84-unit multifamily affordable housing project owned by Santa Alicia currently known as Santa Alicia Apartments (the Project), located at 100 Santorini, Irvine. CMFA was created pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. For the Borrower to obtain the financing, as a member of CMFA in which the Project is located, the City must conduct a public hearing and approve CMFA to issue indebtedness. Approval by the government jurisdiction in which the Project is located is a requirement of Section 147(f) of the Internal Revenue Code of 1986 (IRS Code).

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not applicable.

ANALYSIS

The Borrower, a California nonprofit public benefit corporation, is one of the country's premier developers of affordable housing and master planned developments. Their mission is to produce large volumes of high-quality homes for seniors and families of very low, low and moderate incomes. Since beginning active operations in 1983, Borrower has participated in the development of over 13,000 affordable housing units in over 80 California communities, valued at more than \$3 billion. BRIDGE Property Management Company has had the management capacity to maintain quality standards and community responsiveness in nearly 8,000 rental units.

The Borrower has requested that CMFA issue bonds on its behalf in an amount not to exceed \$5,000,000 (the Bonds). Proceeds of the Bonds will be loaned to Santa Alicia to refinance outstanding debt of Santa Alicia, and to finance an 84-unit multifamily affordable housing project known as Santa Alicia Apartments (the Project). The Bonds are not an obligation of the City.

CMFA is authorized to issue bonds to promote economic development and public benefit. It has issued over \$15.6 billion of bonds for more than 300 jurisdictions within the State of California. To initiate such financing, the member participant of CMFA in which the borrower's proposed project is located must conduct a public hearing and approve CMFA's issuance of indebtedness. The City of Irvine previously approved CMFA financings for Concordia University in 2011 and 2017.

ALTERNATIVES CONSIDERED

The City Council could choose not to approve the issuance of the Bonds. Without City Council approval, the proposed Project could not be financed through CMFA. Since there is no financial obligation to the City, and the issuances of the Bonds is beneficial to the community by allowing Santa Alicia to provide additional affordable housing units in the City, this option is not recommended.

FINANCIAL IMPACT

CMFA is the issuer of the Bonds. The City will not bear any costs in the issuance of the proposed Bonds. The Bonds will be the sole responsibility of the Borrower, and the City will have no financial or legal obligations or responsibilities with regard to the Bonds.

REPORT PREPARED BY Patricia Song, Manager of Fiscal Services

ATTACHMENT Resolution Approving Bond Issuance

CITY COUNCIL RESOLUTION NO. 18-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, APPROVING THE ISSUANCE OF A REVENUE NOTE BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE PURPOSE OF PROVIDING FINANCING FOR SANTA ALICIA APARTMENTS, AND WITH REGARD TO CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, pursuant Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), certain public agencies (the "Members") have entered into a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the "Agreement") in order to form the California Municipal Finance Authority (the "Authority"), for the purpose of promoting economic, cultural and community development, and in order to exercise any powers common to the Members, including the issuance of bonds, notes or other evidences of indebtedness; and

WHEREAS, the City of Irvine (the "City") is a member of the Authority; and

WHEREAS, the Authority is authorized to issue and sell revenue notes and bonds for the purpose, among others, of financing or refinancing multifamily residential rental housing facilities for low and very low income persons and households; and

WHEREAS, BRIDGE Housing Corporation, a California nonprofit public benefit corporation, has requested that the Authority borrow funds evidenced by a note (the "Note") in an amount not to exceed \$5,000,000, and to use proceeds of the borrowing to make a loan to Santa Alicia Family Associates, a California limited partnership ("Santa Alicia"), to refinance outstanding debt of Santa Alicia, to finance certain capital improvements, and to provide working capital and/or to fund reserves all with respect to an 84 unit multifamily residential rental project owned by Santa Alicia and currently known as Santa Alicia Apartments, located at 100 Santorini in the City (the "Housing Facility"); and

WHEREAS, in order for the interest on the loan evidenced by the Note to be tax-exempt, section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires that an "applicable elected representative" of a governmental unit, the boundaries of which include the site at which the Housing Facility is located, hold a public hearing on the issuance of the Note and approve the issuance of the Note following such hearing; and

WHEREAS, the Authority has determined that the City Council of the City is an "applicable elected representative" for purposes of holding such hearing; and

ATTACHMENT

WHEREAS, the Authority has requested that the City Council approve the issuance of the Note by the Authority, following the conduct of the public hearing, in order to satisfy the public approval requirement of section 147(f) of the Code and the requirements of section 4 of the Agreement; and

WHEREAS, notice of such public hearing has been duly given as required by the Code, and the City Council has heretofore held such public hearing at which all interested persons were given an opportunity to be heard on all matters relative to the location, financing and nature of the Housing Facility and the Authority's issuance of the Note therefor; and

WHEREAS, it is in the public interest and for the public benefit that the City Council approve the issuance of the Note by the Authority for the aforesaid purposes.

NOW, THEREFORE, the City Council of the City of Irvine does hereby resolve as follows:

Section 1. The City Council hereby approves the issuance of the Note by the Authority. It is the purpose and intent of the City Council that this Resolution constitute approval of the issuance of the Note (a) by the "applicable elected representative" in accordance with section 147(f) of the Code, and (b) by the City Council in accordance with section 4 of the Agreement.

Section 2. The issuance of the Note shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The City shall have no responsibility or liability whatsoever with respect to the Note or the loan to the Authority that it evidences.

Section 3. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing for the Housing Facility; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the improvement or operation of the Housing Facility; (iii) make any contribution or advance any funds whatsoever to the Authority; or (iv) take any further action with respect to the Authority or its membership therein.

Section 4. The Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other proper officers and officials of the City are hereby authorized and directed to execute such other documents and certificates, and to perform such other acts, as may be necessary or convenient to effect the purposes of this Resolution and the issuance of the Note hereby approved.

Section 5. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Irvine at a regular meeting held on the 27th day of November 2018.

MAYOR OF THE CITY OF IRVINE

ATTEST:

CITY CLERK OF THE CITY OF IRVINE

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF IRVINE)

I, MOLLY MCLAUGHLIN, City Clerk of the City of Irvine, HEREBY DO CERTIFY that the foregoing resolution was duly adopted at a regular meeting of the City Council of the City of Irvine, held on the 27th day of November 2018 by the following vote:

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

CITY CLERK OF THE CITY OF IRVINE

3.2



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: ZONE CHANGE TO AMEND CHAPTER 9-6 OF THE IRVINE ZONING ORDINANCE RELATED TO THE DISTRIBUTION OF DWELLING UNITS WITHIN PLANNING AREA 6 (PORTOLA SPRINGS)

Director of Community Development

City Manager

RECOMMENDED ACTION

1. Receive staff report.
2. Reopen the public hearing; receive public input.
3. Close public hearing.
4. City Council comments and questions.
5. Introduce for first reading and read by title only – AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, APPROVING ZONE CHANGE 00693253-PZC TO AMEND CHAPTER 9-6 OF THE IRVINE ZONING ORDINANCE TO REALLOCATE 226 DWELLING UNITS FROM THE 8.1A TRAILS AND TRANSIT ORIENTED DEVELOPMENT ZONING DISTRICT TO THE 2.3K MEDIUM DENSITY RESIDENTIAL ZONING DISTRICT WITHIN PLANNING AREA 6 (PORTOLA SPRINGS); FILED BY IRVINE COMPANY

EXECUTIVE SUMMARY

Irvine Company filed a Zone Change application to amend the text of Chapter 9-6 of the Irvine Zoning Ordinance. The application includes revisions to the Zoning Ordinance text to reallocate 226 dwelling units from the 8.1A Trails and Transit Oriented Development zoning district to the 2.3K Medium Density Residential zoning district within Planning Area 6, Portola Springs.

As a component of the initial Zone Change application, the applicant had previously requested, and the Planning Commission had reviewed, a classification of the existing 256-unit affordable apartment project, Anton Portola, in Neighborhood 3 as “additive” units. An additive classification allows institutional intensity (square footage or units) to exceed established General Plan and Zoning intensity caps. However, this component of the initial request has been withdrawn by the applicant.

The reallocation of units proposes to move units between zoning districts within the planning area, but does not otherwise alter the total number of units allowed within

Planning Area 6. Staff recommends that the City Council approve the Zone Change application to amend Zoning Ordinance Chapter 9-6 (Attachment 5).

COMMISSION / BOARD / COMMITTEE RECOMMENDATION

On February 20, 2018, the Transportation Commission considered a traffic report, which was prepared to analyze whether any significant changes would occur to traffic in the vicinity of the unit reallocation, and voted unanimously (with all members present) to approve the findings of the report.

On March 1, 2018, the Planning Commission voted 4-0-1 (Commissioners Duong, Kuo, Nirschl and Smith voting in favor and Commissioner Bartlett absent) to recommend City Council approval of the proposed Zone Change. Refer to Attachment 1 for the Planning Commission report.

On March 27, 2018, April 10, 2018 and April 24, 2018, the City Council continued the item at the request of the applicant.

ANALYSIS

Background

Planning Area 6 consists of 2,807 gross acres, divided into six neighborhoods, in the northeast corner of the City. The two neighborhoods discussed in this report are Neighborhood 5, located at the northeastern edge of the planning area, and Neighborhood 6, located at the western edge (refer to Attachment 2). Regional access is provided by the I-5 Freeway and the Foothill/Eastern Transportation Corridor. Local access occurs via Portola Parkway, Irvine Boulevard, Modjeska and Ridge Valley.

The Zoning Ordinance allocates a maximum of 5,562 dwelling units to Planning Area 6, which also contains an elementary school, a second future elementary school site, private parks, and the Portola Springs Community Park. There are no retail centers or office/industrial uses in the planning area. Three zoning districts cover most of the planning area and include the 2.3K Medium Density Residential zone (with an allocation of 4,602 dwelling units set by the Zoning Ordinance), the 2.3M Medium Density Residential zone (170 units), and the 8.1A Trails and Transit Oriented Development zone (790 units).

In January 2012, the City Council unanimously approved, with all members present, General Plan Amendment and Zone Change applications, supported by an Addendum to the 2002 Northern Sphere Area Final Program Environmental Impact Report (EIR), to convert approximately 56 acres within Neighborhood 6 of Planning Area 6 from 5.5F Medical and Science to 8.1A Trails and Transit Oriented Development. This zone change maintained the maximum non-residential development intensity of 500,000 square feet

over the 56 acres, with an option to build up to 790 dwelling units in-lieu of the non-residential development on this land.

Ultimately, the applicant chose to pursue the residential option for the 8.1A Trails and Transit Oriented Development zoned acreage and, to date, has constructed 464 units within Neighborhood 6. Within Neighborhood 6 there remains a single, vacant 4-acre parcel owned by the City of Irvine, which is projected to be used as an affordable housing site.

Neighborhood 5 is approximately 220 acres in size. Based on existing approvals there would be 884 units constructed, at a density of 4 dwelling units per acre. Although this may increase as parks and other spaces are finalized, the density is well below the allowable maximum of 12.5 units per acre, as set by the Zoning Ordinance. If the reallocation of 226 dwelling units from the 8.1A Trails and Transit Oriented Development zoning district is approved, the density would increase to 5.1 units per acre.

Project Description

The applicant proposes an amendment to the Irvine Zoning Ordinance, specific to Planning Area 6, to reallocate 226 unbuilt/un-entitled dwelling units from Neighborhood 6 to Neighborhood 5.

Of the 790 units that were allocated for Neighborhood 6, only 464 were approved and constructed, leaving 326 un-allotted units. The applicant has requested a zone change to allow 226 of these remaining units to be transferred from the 8.1A Trails and Transit Oriented Development zone to the 2.3K Medium Density Residential zone where there is a large amount of vacant land. A total of 100 units will remain in Neighborhood 6 to facilitate the development of a planned affordable housing site.

The proposed redline revisions to the text within Chapter 9-6 of the Irvine Zoning Ordinance are contained in Attachment 3. A clean version of the proposed text is included as Attachment 4. The proposed text clarifies the maximum number of dwelling units in the planning area and relocates the trip monitoring requirements from the 8.1A Trails and Transit Oriented Development zone to the 2.3K Medium Density Residential zone, where the units are being reallocated. The total number of dwelling units allowed in Planning Area 6 does not change as a result of this reallocation.

Previous staff reports for development within the 8.1A Trails and Transit Oriented Development zone of the Planning Area 6 acknowledged that undeveloped units could be transferred to other portions of the planning area, subject to approval of a Zone Change along with master plans, associated traffic analysis and environmental review. With the exception of the development of the affordable housing parcel in Neighborhood 6, which can accommodate approximately 100 units, the 8.1A Trails and Transit Oriented Development zone contains no remaining vacant land.

The 226 units are already allocated to Planning Area 6, and the reallocation between zoning districts neither affects the overall planned development intensity nor generates new traffic impacts beyond the planning area boundaries, as discussed in detail below; therefore, staff supports the request.

General Plan Compliance

The proposed Zone Change does not change the Zoning Ordinance's consistency with the General Plan. Compliance therewith was addressed in 2012 when the option to develop 790 units in the 8.1A Trails and Transit Oriented Development zoning district was granted. This application proposes to reallocate unbuilt units from one zoning district to another within the same planning area.

Maximum Dwelling Units

Planning Area 6 has a dwelling unit cap of 4,602 units within the 2.3K Medium Density zoning district. It also allows a maximum of 790 units in the 8.1A Trails and Transit Oriented Development zone and another 170 units in the 2.3M Medium Residential Density zone. The Zone Change will reallocate units within the planning area, but will not affect the total overall dwelling unit cap.

Traffic Study and Vehicular Access

The original Northern Sphere EIR (dated June 2002) included a detailed traffic analysis with general assumptions, which resulted in a series of planned street improvements to accommodate traffic associated with this area. This traffic analysis was updated twice, once in 2006 to address proposed revisions to the residential unit distribution and access within Planning Area 6, and then in 2012, as part of the General Plan Amendment and Zone Change application that granted the option to develop 790 units in-lieu of non-residential intensity in Neighborhood 3. These updated and new traffic analyses found that implementation of certain mitigation measures would address any potential traffic impacts of the project. These measures have been implemented.

As a part of this proposed project, the applicant has provided a new traffic evaluation, called a Trip Generation and Unit Comparison Analysis dated February 2018. The intent of the evaluation is to determine if significant changes occur based on the reallocation of units from one neighborhood to another in the same planning area. This analysis builds off recent traffic evaluations, prepared for subdivision/master plan approvals within Neighborhoods 3, 4 and 5 between June 2012 and June 2017, to ensure a thorough evaluation of the amount and distribution of traffic that is anticipated is analyzed.

The evaluation compares the planned dwelling units considered in the most recent study for Neighborhood 5, dated June 8, 2017 to the subject proposal for a total of 810

planned dwelling units, an increase of 226 units. The evaluation assumes the additional 226 units come from Neighborhood 6 on the westerly end of the planning area.

The results of the evaluation conclude that minor changes are required in the length of certain left-turn lanes on local roads and the addition of a new right-turn lane on Portola Parkway in the vicinity of Neighborhood 5 are needed to accommodate redistributed traffic volumes, but that no other significant impacts will occur.

Public Outreach

On November 12, 2018, a public hearing notice for the November 27, 2018 City Council meeting was published in the *Orange County Register*. Additionally, on that day, notice of the hearing was posted at the project site and at designated City bulletin boards. The notice provided information related to the proposed Zone Change application under review. As of the writing of this report, no public comments have been received.

ENVIRONMENTAL DETERMINATION

Pursuant to Section 15168 of the State CEQA Guidelines, the proposed Zone Change is within the scope of the project covered by the approved Program EIR (State Clearinghouse No. 2001051010). The proposed project relocates residential dwelling units from one part of Planning Area 6 (i.e., the 8.1A Trails and Transit Oriented Development zone) to another part of the same planning area (i.e., 2.3K Medium Density Residential zone).

The potential environmental impacts of the proposed project are covered under the scope of the Northern Sphere EIR and all feasible mitigation measures and alternatives developed and identified in the EIR will be incorporated, as appropriate. In accordance with CEQA, no additional public review is required.

ALTERNATIVES CONSIDERED

The City Council could choose to deny the Zone Change request. If the Zone Change request is denied, the applicant would retain the right to develop Neighborhood 5 with the current allocation of residential units, as established by the approved "A" Level Map for that area. No units would be reallocated from Neighborhood 6 to Neighborhood 5.

FINANCIAL IMPACT

There is no financial impact. The proposed Zone Change reallocates dwelling units from one zoning district to another within Planning Area 6. These units have been accounted for in the City's Strategic Business Plan and the budgeting process for the overall development of the Northern Sphere area, consistent with the City's General Plan.

REPORT PREPARED BY: Stephanie Frady, Senior Planner

ATTACHMENTS

1. Planning Commission Report dated April 24, 2018 (with Attachments 4 and 5)
2. Vicinity Map
3. Proposed Revised Version of Zoning Ordinance (Redline)
4. Proposed Revised Version of Zoning Ordinance (Clean)
5. Draft City Council Ordinance 18-XX with Exhibit A

ec: Jeff Davis, Irvine Company
Peter Pirzadeh, Pirzadeh & Associates
Joel Belding, Principal Planner

cc: File: 00693253-PZC



REQUEST FOR PLANNING COMMISSION ACTION

MEETING DATE: MARCH 1, 2018

TITLE: ZONE CHANGE TO AMEND CHAPTER 9-6 OF THE IRVINE ZONING ORDINANCE RELATED TO THE DISTRIBUTION OF RESIDENTIAL UNITS WITHIN PLANNING AREA 6 (PORTOLA SPRINGS)


Director of Community Development

RECOMMENDED ACTION

1. Reopen public hearing; receive public input; Commission comments and questions.
2. Close public hearing.
3. Adopt Resolution No. 18-3644 – A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF IRVINE, CALIFORNIA, RECOMMENDING THAT THE CITY COUNCIL APPROVE ZONE CHANGE 00693253-PZC TO AMEND CHAPTER 9-6 OF THE IRVINE ZONING ORDINANCE TO REALLOCATE 326 UNITS FROM THE 8.1A TRAILS AND TRANSIT ORIENTED DEVELOPMENT ZONING DISTRICT TO THE 2.3K MEDIUM DENSITY RESIDENTIAL ZONING DISTRICT, AND TO CLASSIFY 256 EXISTING AFFORDABLE UNITS AS BEING “ADDITIVE,” WITHIN PLANNING AREA 6 (PORTOLA SPRINGS)

EXECUTIVE SUMMARY

Irvine Company has filed a Zone Change application to amend the text of Chapter 9-6 of the Irvine Zoning Ordinance. The application includes revisions to the Zoning Ordinance text to: 1) reallocate 326 dwelling units from the 8.1A Trails and Transit Oriented Development zoning district to the 2.3K Medium Density Residential zoning district within Portola Springs [Planning Area (PA) 6]; and, 2) classify 256 existing affordable units as “additive” to the zoning cap. The Irvine General Plan defines “additive” as “those institutional uses that support the surrounding land uses”. Not-for-profit housing is included in the General Plan definition of Institutional uses. Other projects, including affordable housing, that fall within this definition have previously been approved as “additive.”

The total number of units allowed within PA 6 is not affected by the reallocation and the existing affordable housing development meets all General Plan and Zoning Ordinance criteria to be considered “additive”. Therefore, staff recommends that the Planning

Commission adopt Resolution 18-3644 recommending that the City Council approve the proposed Zone Change (PC Attachment 6).

COMMISSION / BOARD / COMMITTEE RECOMMENDATION

The Transportation Commission reviewed the Traffic Generation and Unit Comparison at its February 20, 2018 meeting. The Transportation Commission unanimously approved the findings of the analysis, with all members present.

ANALYSIS

Background

PA 6 consists of 2,807 gross acres in the northeast corner of the City. Within PA 6, there are six neighborhoods, most of which are built-out. The two neighborhoods discussed in this report are Neighborhood 5, located at the northeastern edge of the planning area, and Neighborhood 6, located at the western edge. Regional access is provided by the I-5 Freeway and the Foothill/Eastern Transportation Corridor. Local access occurs via Portola Parkway, Irvine Boulevard, Modjeska and Ridge Valley (PC Attachment 1).

The Zoning Ordinance allocates up to a maximum of 5,460 residential units to PA 6, which also contains an elementary school, a second future elementary school site, private parks and the Portola Springs Community Park. There are no retail centers or office/industrial uses in the planning area. Three zoning districts cover most of the planning area and include the 2.3K Medium Density Residential zone (with an allocation of 4,500 dwelling units set by the Zoning Ordinance), 2.3M Medium Density Residential zone (170 units), and the 8.1A Trails and Transit Oriented Development zone (790 units).

In January 2012, the City Council approved (Agran, Choi, Krom, Lalloway and Kang voting in favor) General Plan Amendment and Zone Change applications, supported by an Addendum to the 2002 Northern Sphere Area Final Program Environmental Impact Report (EIR), to convert approximately 56 acres within PA 6 from 5.5F Medical and Science to 8.1A Trails and Transit Oriented Development. This zone change maintained the maximum non-residential development intensity of 500,000 square feet over the 56 acres, with an option to build up to 790 residential units in-lieu of the non-residential development on this land as long as there was not a negative impact to traffic.

Ultimately, the applicant chose to pursue the residential option for the 8.1A Trails and Transit Oriented Development zoned acreage and, to date, has constructed 464 units within Neighborhood 6, also known as The Enclave. Within this neighborhood there remains a vacant four-acre parcel owned by the Irvine Community Land Trust, which is projected to be utilized as a future affordable housing site.

Project Description

The applicant proposes a two-part amendment to the Irvine Zoning Ordinance specific to PA 6. The first part relates to the reallocation of 326 unbuilt/un-entitled residential units from Neighborhood 6 to Neighborhood 5. The second part relates to the determination that 256 existing affordable (i.e., not-for-profit housing) residential units are “additive” units consistent with General Plan Objective A-4. This amendment will facilitate development of up to 582 residential units within Portola Springs without adding to the General Plan and Zoning Ordinance residential unit caps for the planning area.

Reallocation of Units

As discussed, of the 790 units that were allocated for Neighborhood 6, only 464 were approved and constructed, leaving 326 un-allotted units. The applicant has requested a zone change to permit the 326 leftover units to be transferred from the 8.1A Trails and Transit Oriented Development zone to the 2.3K Medium Density Residential zone.

The proposed redline revisions to the text within Chapter 9-6 of the Irvine Zoning Ordinance are contained in PC Attachment 2. A clean version of the proposed text is included as PC Attachment 3. In summary, text would be amended to clarify the maximum number of dwelling units in the planning area, as well as to add trip monitoring requirements for the 2.3K Medium Density Residential zone, where the units are being reallocated. The total number of units allowed in PA 6 does not change.

Previous staff reports for development within the 8.1A Trails and Transit Oriented Development zone of the planning area acknowledge that undeveloped units could be transferred to other portions of PA 6, subject to approval of master plans, associated traffic analysis and environmental review. With the exception of the development of the affordable housing parcel in Neighborhood 6, which is anticipated to provide 100 units, the 8.1A Trails and Transit Oriented Development zone contains no remaining vacant land.

As the 326 units are already allocated to PA 6 and the reallocation neither affects the overall planned development intensity nor generates new traffic impacts beyond the planning area boundaries, as discussed in detail below, staff supports the request.

Additive Units

In December 2014, Master Plan 00613491-PMP was unanimously approved by the Planning Commission, with all members present, to allow a 256-unit affordable apartment complex in PA 6. Located on 10 acres at the corner of Still Night and Oak Forest in Neighborhood 3, the project is known as Anton Portola.

The project was developed on land provided by Irvine Company to partially fulfill its Northern Sphere Master Affordable Housing Program commitment. It provides units to very low-income households that earn 50 percent or less of the area median income level, with an affordability commitment of 99 years, which makes it unique among the vast majority of affordable housing projects within the City (typical commitment ranges from 5 to 55 years). When the Anton Portola Master Plan was approved, the applicant did not request a determination that these units were to be considered “additive.” The applicant requests that determination now.

General Plan Land Use Element Objective A-4 and Section 9-0-3 of the Zoning Ordinance create criteria for certain residential units to qualify as “additive” and allow for these units to exceed the maximum unit cap for a planning area, while remaining consistent with the General Plan. Not-for-profit housing is one of the classes of units that may be considered as “additive.” Anton Portola will be operated as a not-for-profit development until at least 2116. Therefore, the 256 existing units meet the criteria for “additive” units and staff is supportive of the request to categorize them as such. This action would be consistent with objective standards set forth in the General Plan Land Use Element.

To reflect this change, Chapter 9-6 of the Zoning Ordinance would be updated to clarify that the affordable units in PA 6 are considered “additive.”

General Plan Compliance

The proposed two-part amendment does not change the Zoning Ordinance’s consistency with the General Plan. Compliance therewith was addressed in 2012 when the option to develop 790 units in the 8.1A Trails and Transit Oriented Development zone was originally granted. This application proposes to reallocate unbuilt units from one zoning district to another within the same planning area. It also proposes to adjust the unit classification consistent with Objective A-4 of the General Plan Land Use Element.

Maximum Dwelling Units

PA 6 has a residential dwelling unit cap of 4,500 dwelling units within the 2.3K Medium Density zoning district. It also allows a maximum of 790 dwelling units in the 8.1A Trails and Transit Oriented Development zone and another 170 units in the 2.3M Medium Residential Density zone. This application will reallocate units within the planning area, but will not increase the total dwelling unit cap.

In addition, two affordable sites are present in PA 6. One of these has been developed with 256 units. A Master Plan for the other within Neighborhood 6 has not yet been submitted, but the site is expected to contain no more than 111 units. Pursuant to Section 9-0-3(C) of the Zoning Ordinance, the affordable units can be classified as

“additive” units and, if determined to meet the criteria set forth in the General Plan, would not count against the dwelling unit cap.

Thus, the proposed Zone Change will remain consistent with the established dwelling unit count cap for PA 6.

Traffic Study and Vehicular Access

The Northern Sphere EIR included a detailed traffic analysis with general assumptions, which results in a series of planned street improvements to accommodate traffic associated with this area. To address revisions to the residential unit distribution and access within PA 6 that occurred in 2006, an updated traffic analysis and environmental Addendum was prepared. In 2012, as part of the application for the General Plan Amendment and Zone Change that granted the option to develop 790 units in-lieu of non-residential intensity, a new Traffic Study was completed by Austin-Foust Associates which found that implementation of certain mitigation measures would address any potential traffic impacts of the project.

The applicant has provided a new traffic evaluation, called a Trip Generation and Unit Comparison Analysis dated February 2018, to supplement the Zone Change application (PC Attachment 4). The intent of the evaluation is to determine if significant changes occur based on the reallocation of units from one neighborhood to another in the same planning area. This analysis builds off recent studies prepared for subdivision/master plan approvals within Neighborhoods 3 and 5 to ensure a correct evaluation of the amount and distribution of traffic anticipated.

The evaluation compares the 584 planned dwelling units considered in the most recent study for Neighborhood 5, dated June 8, 2017, to the subject proposal for a total of 910 planned dwelling units, an increase of 326 units allocated to Neighborhoods 5B and 5C within PA 6. The evaluation assumes the additional 326 units come from Neighborhood 6 on the westerly end of PA 6.

The results of the evaluation conclude that minor changes are required in the length of certain left-turn lanes on local roads and the addition of a new right-turn lane on Portola Parkway in the vicinity of the unit reallocation within PA 6 to accommodate redistributed traffic volumes. However, because the overall unit count within PA 6 remains the same as previously analyzed, the evaluation anticipates no adverse effects to traffic conditions in the vicinity of the unit reallocation. Further traffic analysis will be prepared as part of future map projects that entitle the reallocated 326 units within Neighborhoods 5B and 5C.

Parks

PA 6 has an approved Park Plan (File No. 00355049-PPP) which was most recently amended in 2017 with Park Plan Modification 00685936-PPK. The proposed Zone Change provides the opportunity to reallocate units from one neighborhood to another within the planning area. It does not add additional units, which could trigger the need for additional park amenities.

When future subdivision and Master Plan applications are filed to capture the reallocated units within Neighborhood 5, staff will evaluate whether adequate park amenities are provided to address the needs of the proposed population. If additional park amenities are found to be required, a modification to the Park Plan will be processed.

Public Outreach

On January 30, 2018, a public hearing notice for the February 15, 2018 Planning Commission meeting was published in the *Orange County Register*. Additionally, on January 31, 2018, notice of the hearing was posted at the project site and at designated City bulletin boards. The notice provided information related to the proposed Zone Change application under review. As of the writing of this report, no public comments have been received.

ENVIRONMENTAL DETERMINATION

Pursuant to Section 15168 of the State CEQA Guidelines, the proposed Zone Change is within the scope of the project covered by the Program EIR (State Clearinghouse No. 2001051010) for the Planning Area 6 General Plan Amendment and Zone Change. The proposed project relocates residential development intensity from one part of PA 6 (i.e., the 8.1A Trails and Transit Oriented Development zone) to another part of the same planning area (i.e., 2.3K Medium Density Residential zone) by amending text within Chapter 9-6 of the Zoning Ordinance. The overall dwelling unit cap would remain unchanged within PA 6.

Therefore, the potential environmental impacts of the proposed project are covered under the scope of the EIR and all feasible mitigation measures and alternatives developed and identified in the EIR will be incorporated, as appropriate. In accordance with CEQA, no additional public review is required. A copy of the Environmental Evaluation based on the EIR is included as PC Attachment 5.

ALTERNATIVES CONSIDERED

The Planning Commission could determine that the proposed Zone Change is not in the City's best interest and decline to recommend adoption of the requested changes to the City Council.

FINANCIAL IMPACT

None. The proposed Zone Change reallocates residential units from one zoning district to another within PA 6. These units have been accounted for in the City's Strategic Business Plan and the budgeting process for the overall development of the Northern Sphere area, consistent with the City's General Plan.

REPORT PREPARED BY: Stephanie Frady, Senior Planner

REVIEWED BY: Joel Belding, Principal Planner

ATTACHMENTS

- PC Attachment 1. Vicinity Map
- PC Attachment 2. Proposed Revised Version of Zoning Ordinance (Redline)
- PC Attachment 3. Proposed Revised Version of Zoning Ordinance (Clean)
- PC Attachment 4. Traffic Evaluation Dated February 2018
- PC Attachment 5. Subsequent Activity Under an Approved EIR
- PC Attachment 6. Planning Commission Resolution No. 18-3644 for Zone Change 00693253-PZC

ec: Jeff Davis, Irvine Company (JSDavis@irvinecompany.com)
Peter Pirzadeh, Pirzadeh & Associates (pirzadeh@pirzadeh.com)
Karen Urman, Senior Transportation Analyst

cc: File: 00693253-PZC

February 12, 2018

Ms. Stephanie Frady, AICP
Senior Planner
Community Development Department
City of Irvine
One Civic Center Plaza
P.O. Box 19575
Irvine, CA 92623-9575

Subject: Planning Area 6, Neighborhood 5B Unit Transfer and Zone Change
Trip Generation and Unit Comparison (00693253-PZC)

Dear Stephanie:

The following Trip Generation and Unit Comparison has been prepared to document the unit transfer and zone change in Planning Area 6. The number of dwelling units in the project site is different than included in a previously approved analysis. However, the following analysis will demonstrate that the trip generation for the project site will not adversely affect traffic condition in the vicinity of the unit reallocation.

Introduction

The purpose of the analysis is to demonstrate that the change to the unit allocation and associated trip generation will not alter the findings of previously approved documents for this portion of Planning Area 6: City of Irvine Planning Area 6B (VTTM 16814) Traffic Study, prepared by Austin-Foust Associates, Inc. dated February 16, 2006; Planning Area 6A Traffic Study Addendum dated September 12, 2006 prepared by Austin-Foust Associates, Inc.; VTTM 18087 Trip Generation and Unit Comparison analysis dated June 8, 2017.

Although there is a change to the unit allocation, the backbone roadway pattern within Neighborhood 5B is similar with the approved traffic study, traffic study addendum, and trip and unit analysis. Therefore, project vehicle trip distribution within the project site and onto the adjacent public roadway network will be similar. VTTM 16814 included 634 single family detached (SFD) dwelling units in the area within Neighborhood 5B. VTTM 18087 transferred 50 dwelling units to Neighborhood 3 that resulted in 584 SFD dwelling units within Neighborhood 5B. The proposed unit transfer will add 326 SFD dwelling units to Neighborhood 5B. These units will be transferred from Planning Area 6 Zoning District 8.1A in Neighborhood 6, see Attachment 1. This zoning district was analyzed in the Planning Area 6 General Plan Amendment and Zone Change Traffic Study dated 2011 with 790 apartment dwelling units. The subsequent VTTM 17607 Traffic Study dated 2013 analyzed 575

condominium dwelling units. A total of 464 condominium dwelling units were constructed, which is 326 dwelling units less than the approved GPA/ZC traffic study.

Land Use and Trip Generation

For comparison purposes Table 1 and Table 2 shows the land use and associated trips included in the approved VTTM 18087 Trip Generation and Unit Comparison analysis and the proposed unit transfer to show the difference in the number of dwelling units and trips in Neighborhood 5B.

Table 1 Project Land Use and Trip Generation Summary (PA6 Neighborhood 5B)								
Land Use	Units	AM Peak			PM Peak Hour			ADT
		In	Out	Total	In	Out	Total	
VTTM 18087								
SFD	584	111	321	432	385	204	590	5,577
Totals	584	111	321	432	385	204	590	5,577
Proposed Unit Transfer and Zone Change								
SFD	910	173	501	673	601	319	919	8,691
Totals	910	173	501	673	601	319	919	8,691
Difference	326	62	180	241	216	115	329	3,114

Table 2 Vehicle Trip Generation Rates (Land Use Based) ¹								
Land Use	Units	AM Peak			PM Peak Hour			ADT
		In	Out	Total	In	Out	Total	
SFD	DU	0.19	0.55	0.74	0.66	0.35	1.01	9.55

1. Vehicle trip generation rates were derived from the approved PA 6A Traffic Study dated August 9, 2004 and PA 6B Traffic Study dated February 16, 2006. The trip rates are also consistent with those in the approved NITM traffic studies.

The approved analysis included 584 SFD dwelling units that generated 5,577 daily trips with 432 and 590 trips occurring during the AM and PM peak hours, respectively, see Table 1. The proposed 326 SFD dwelling unit transfer will result in a total of 910 SFD dwelling units. Using the trip generation rate from the approved traffic studies, the proposed unit transfer will generate a total of 8,691 daily trips with 673 and 919 trips occurring during the AM and PM peak hours, respectively (see Table 1 and Table 2).

The proposed unit transfer will have 326 more dwelling units that will generate 241 more AM, 329 more PM, and 3,114 more daily trips when compared to the approved analysis, see Table 1. Although there are more trips in Neighborhood 5B, Table 3 and Table 4 shows that the proposed unit transfer will result in less trips in Zoning District 8.1A in Neighborhood 6.

Table 3 Project Land Use and Trip Generation Summary (PA6 Neighborhood 6)								
Land Use	Units	AM Peak			PM Peak Hour			ADT
		In	Out	Total	In	Out	Total	
PA6 GPA/ZC (2011)								
Apartments	790	71	332	403	332	158	490	5,111
Totals	790	71	332	403	332	158	490	5,111
Constructed								
Condominium	464	60	237	297	260	111	371	3,712
Totals	464	60	237	297	260	111	371	3,712
Difference	(326)	(11)	(95)	(106)	(72)	(47)	(119)	(1,399)

Table 4 Vehicle Trip Generation Rates (Land Use Based) ¹								
Land Use	Units	AM Peak			PM Peak Hour			ADT
		In	Out	Total	In	Out	Total	
Apartments	DU	0.09	0.42	0.51	0.42	0.20	0.62	6.47
Condominium	DU	0.13	0.51	0.64	0.56	0.24	0.80	8.00

1. Vehicle trip generation rates were derived from the approved PA 6A Traffic Study dated August 9, 2004 and PA 6B Traffic Study dated February 16, 2006. The trip rates are also consistent with those in the approved NITM traffic studies.

Transferring and changing the undeveloped apartment dwelling units in Neighborhood 6 to single family detached in Neighborhood 5B and condominium in Neighborhood 6 will result in 98 more AM, 160 more PM, and 1,237 more daily trips when compared to the original approvals for these two neighborhoods. However, there also have been several approved changes in Neighborhood 1 through Neighborhood 5. Table 5 and Table 6 compares the land use and associated trips included in the approved PA 6A traffic study, PA 6B traffic study, and PA 6 GPA/ZC traffic study with the approved changes plus the proposed unit transfer to show the change in the total number of dwelling units and trips in PA 6 Neighborhood 1 through Neighborhood 6.

Table 5								
Project Land Use and Trip Generation Summary (PA 6 N1 through N6)								
Land Use	Units	AM Peak			PM Peak Hour			ADT
		In	Out	Total	In	Out	Total	
Traffic Studies (PA 6A + PA 6B + PA 6 GPA/ZC)								
SFD	1,729	329	951	1,279	1,141	605	1,746	16,512
Condominium	1,344	175	685	860	753	323	1,075	10,752
Apartments	2,132	192	895	1,087	895	426	1,322	13,794
School (750 Student)		135	90	225	15	38	53	818
School (900 Student)		162	108	270	18	45	63	981
Child Care (10 TSF)		82	70	152	47	109	156	793
Commercial		605	579	1,184	764	747	1,511	17,705
Totals	5,205	1,680	3,378	5,057	3,633	2,293	5,926	61,355
PA6 Approved Changes + Proposed Unit Transfer								
Single Family Detached	1,551	295	853	1,148	1,024	543	1,567	14,812
Condominium	2,944	383	1,501	1,884	1,649	707	2,355	23,552
Apartments	1,051	95	441	536	441	210	652	6,800
School (750 Student)		135	90	225	15	38	53	818
School (900 Student)		162	108	270	18	45	63	981
Child Care (10 TSF)		82	70	152	47	109	156	793
Totals	5,546	1,152	3,063	4,215	3,194	1,652	4,846	47,756
Difference	341	(528)	(315)	(842)	(439)	(641)	(1,080)	(13,599)

Table 6 Vehicle Trip Generation Rates (Land Use Based) ¹								
Land Use	Units	AM Peak			PM Peak Hour			ADT
		In	Out	Total	In	Out	Total	
SFD	DU	0.19	0.55	0.74	0.66	0.35	1.01	9.55
Condominium	DU	0.13	0.51	0.64	0.56	0.24	0.80	8.00
Apartments	DU	0.09	0.42	0.51	0.42	0.20	0.62	6.47
Elementary School	STU	0.18	0.12	0.30	0.02	0.05	0.07	1.09
Child Care	TSF	8.19	6.98	15.17	4.67	10.89	15.56	79.26
Commercial (EQ) ²	TSF	1.28	1.18	2.46	2.19	2.28	4.47	57.29

1. Vehicle trip generation rates were derived from the approved PA 6A Traffic Study dated August 9, 2004 and PA 6B Traffic Study dated February 16, 2006. The trip rates are also consistent with those in the approved NITM traffic studies.
2. The trip rate for commercial use is based on the following equation and 175,000 square feet of development: $LN(T) = A \times LN(X) + B$ where X = land use amount (175 TSF) and T = daily trips.

It should be noted that the parcel that was originally designated for 175 TSF of commercial use in the Community Commercial zoning district has been replaced with the 900 student school because this site was acquired by IUSD. The approved changes plus the proposed unit transfer will have 341 more dwelling units that will generate 842 less AM, 1,080 less PM, and 13,599 less daily trips when compared to the approved traffic studies, see Table 5.

Access Evaluation

Neighborhood 5B is located at the easterly portion of Planning Area 6, south of Portola Parkway. Access to the site is provided by Portola Springs, which is a looped backbone roadway that connects to Modjeska and Portola Parkway to the west and Portola Parkway to the east, see Attachment 2. Access to the interior tracts are provided by Big Dipper to the west and to the east, and by Dreamcatcher. The peak hour trips being generated by the proposed unit transfer as shown in Table 1 was distributed using a similar distribution as was assumed in the approved traffic study, traffic study addendum, and analysis, see Attachment 3. The peak hour trips for the approved projects are shown in Attachment 4 and the trips for the proposed project are shown in Attachment 5.

The change in the AM and PM peak hour trips from the approved traffic study and traffic study addendum to the proposed project is shown in Attachment 6. At the easterly intersection of Portola Springs and Big Dipper, the proposed project is increasing the southbound left-turn movement and the eastbound left-turn movement peak hour trips. The northbound left-turn movement remains nominal. At the intersection of Dreamcatcher and Portola Springs, the westbound left-turn movement remains nominal. At the westerly intersection of Big Dipper and Portola Springs, the proposed project is increasing the eastbound left-turn movement and the southbound left-turn movement peak hour trips. At the intersection of Portola Springs and Modjeska, the proposed project is increasing the northbound left-turn movement peak hour trips. At the easterly intersection of Portola Springs and Portola Parkway, the proposed project is increasing the northbound left-turn movement and the westbound left-turn movement peak hour trips.

The recommended left-turn storage lengths at the study intersections are shown in Table 7.

Table 7 Study Intersection Left-Turn Storage Lengths						
Location	Movement	Peak Hour	Volume	Lanes	Existing Length	Proposed Length
8. Portola Springs & Portola Pkwy.	NBL	AM	363	2	None	185'
	WBL	PM	141	1	250'	250'
9. Portola Springs & Big Dipper	NBL	AM	1	1	None	90'
	EBL	AM	197	1	None	200'
	SBL	PM	162	1	None	165'
12. Dreamcatcher & Portola Springs	WBL	AM	1	1	None	90'
13. Big Dipper & Portola Springs	EBL	AM	118	1	None	120'
	SBL	PM	68	1	None	70'
16. Portola Springs & Modjeska	NBL	AM	195	1	None	195'
	EBL	AM	715	2	230'	230'

In addition, the proposed project is increasing the eastbound right-turn movement at the intersection of Portola Springs and Modjeska. There is an existing 160-foot right-turn lane that will not accommodate the projected traffic. It is recommended to lengthen it to 205 feet. The proposed project is also increasing the eastbound right-turn movement at the intersection of Portola Springs and Portola Parkway. The approved traffic study includes a de-facto right-turn lane. It is recommended to provide a 300-foot right-turn lane instead.

Intersection Analysis

Portola Springs to the east forms the south leg of a future signalized T-intersection with Portola Parkway and then continues west to form the south leg of an existing signalized T-intersection with Modjeska. Within the project area, Portola Springs connects with Big Dipper at two locations and with Dreamcatcher at one location to form local intersections. These local intersections are recommended to be stop-sign controlled on the minor street only, see Attachment 7. Also as shown in the approved traffic study and traffic study addendum, the study intersections are projected to operate at acceptable Levels of Service (LOS), see Table 8.

Table 8 2020 Intersection LOS Summary									
Intersection (N/W Road at E/W Road)		Without Project				With Project			
		AM Peak Hour		PM Peak Hour		AM Peak Hour		PM Peak Hour	
		ICU	LOS	ICU	LOS	ICU	LOS	ICU	LOS
8	Portola Springs & Portola Pkwy ¹	0.44	A	0.38	A	0.47	A	0.41	A
9	Portola Springs & Big Dipper	0.29	A	0.27	A	0.37	A	0.37	A
12	Dreamcatcher & Portola Springs	0.12	A	0.15	A	0.13	A	0.16	A
13	Big Dipper & Portola Springs	0.18	A	0.18	A	0.20	A	0.17	A
16	Portola Springs & Modjeska ²	0.52	A	0.53	A	0.53	A	0.53	A

ICU = Intersection Capacity Utilization

1. Future signalized intersection
2. Existing signalized intersection

Using the trip distribution in the approved traffic study and traffic study addendum, the project traffic will utilize the Portola Springs & Portola Parkway (8), Portola Springs & Big Dipper (9), Dreamcatcher & Portola Springs (12), Big Dipper & Portola Springs (13), and Portola Springs & Modjeska (16) intersections. Therefore, the additional trips are not at a level that will result in an increase to the Level of Service at these intersections, see Attachment 8. The roadway network is consistent with that shown in the approved traffic study, traffic study addendum, and analysis.

Conclusions

Planning Area 6 Neighborhood 5B was previously analyzed as a part of the Planning Area 6B (VTTM 16814) Traffic Study, prepared by Austin-Foust Associates, Inc. dated February 16, 2006, Planning Area 6A Traffic Study Addendum dated September 12, 2006 prepared by Austin-Foust Associates, Inc., and VTTM 18087 Trip Generation and Unit Comparison analysis dated June 8, 2017. VTTM 16814 included 634 single family detached (SFD) dwelling units in the area within Neighborhood 5B. VTTM 18087 transferred 50 dwelling units to Neighborhood 3 that resulted in 584 SFD dwelling units within Neighborhood 5B. The proposed unit transfer will add 326 SFD dwelling units to Neighborhood 5B. These units will be transferred from Planning Area 6 Zoning District 8.1A in Neighborhood 6. Table 1 shows that there will be an increase in the number of dwelling units and the associated AM, PM, and daily trips in Neighborhood 5B while Table 3 shows that there will be a decrease in the number of dwelling units and the associated AM, PM, and daily trips in Neighborhood 6. Table 5 shows that there is a net increase in the total number dwelling units in Neighborhood 1 through Neighborhood 6 with the approved changes plus the proposed unit transfer but a decrease in the associated AM, PM, and daily trips. The result of this analysis demonstrates that with the implementation of the turn-lane recommendations, the additional trips will not

Ms. Stephanie Frady
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February 12, 2018

adversely affect traffic conditions in the vicinity since these facilities have greater capacity than the project traffic volumes.

Please call me if you have any questions regarding this analysis, or if you need any additional information.

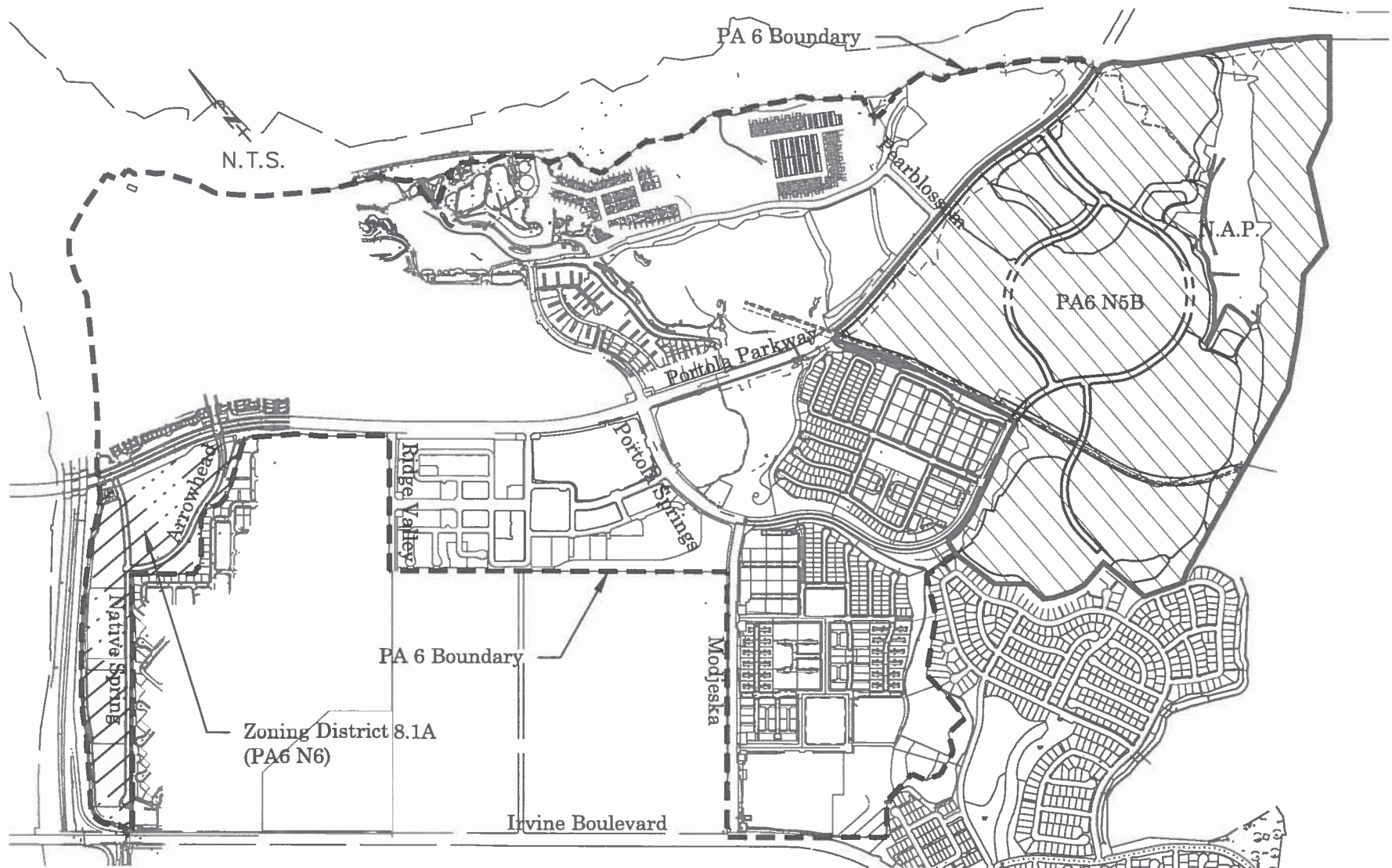
Sincerely,

A handwritten signature in black ink, appearing to read 'Peter Hsu', with a stylized flourish at the end.

Peter Hsu, P.E.
Principal Associate

Attachments

cc via email: Kerwin Lau, City of Irvine
Jamie Yoshida, Irvine Company
Jeffrey Davis, Irvine Company
Tom Heggi, Irvine Company
Peter Pirzadeh, Pirzadeh & Associates, Inc

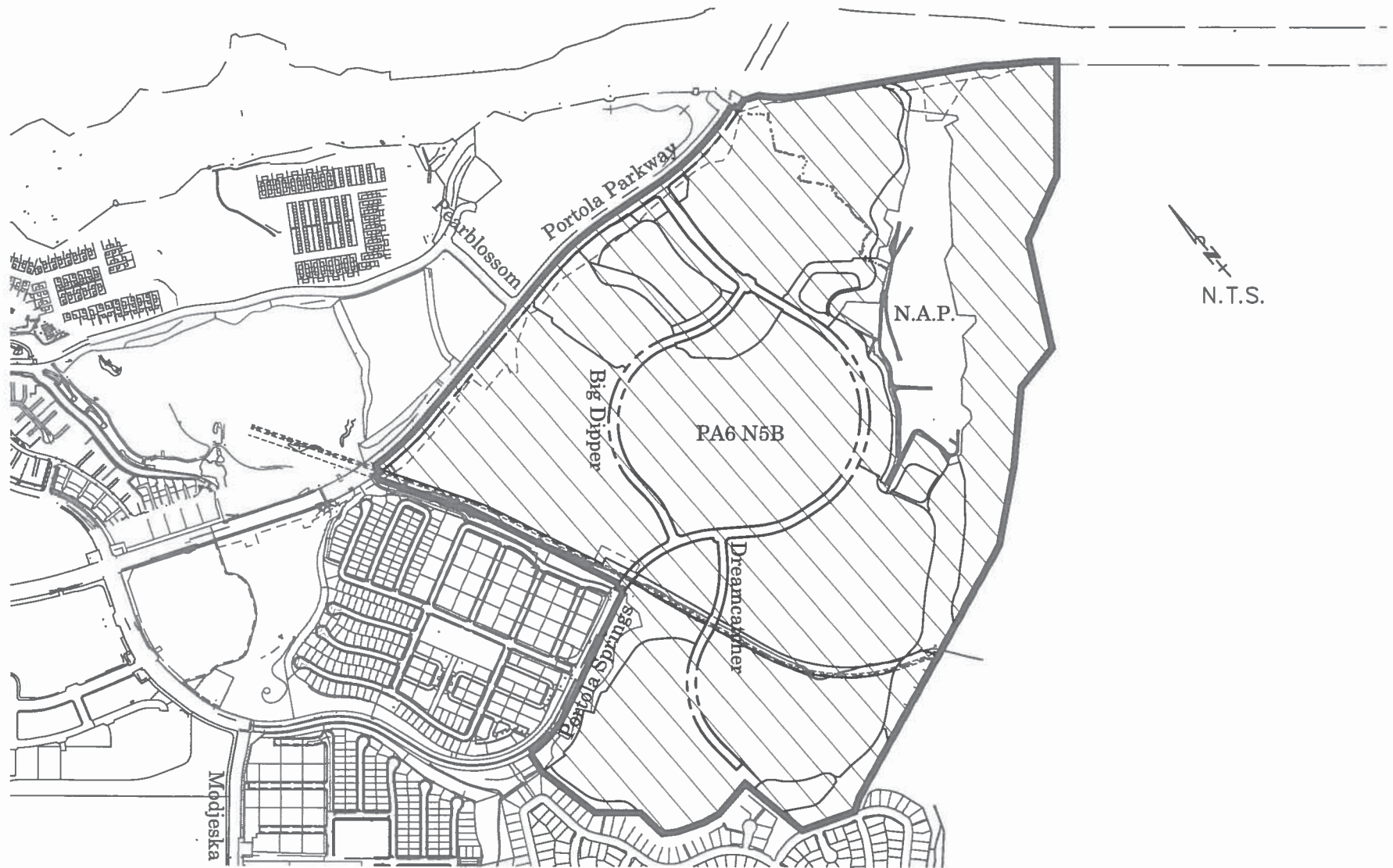


2/12/18

Location Map
 Planning Area Boundary
 Planning Area 6 N5B Unit Transfer



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 & ASSOCIATES, INC.

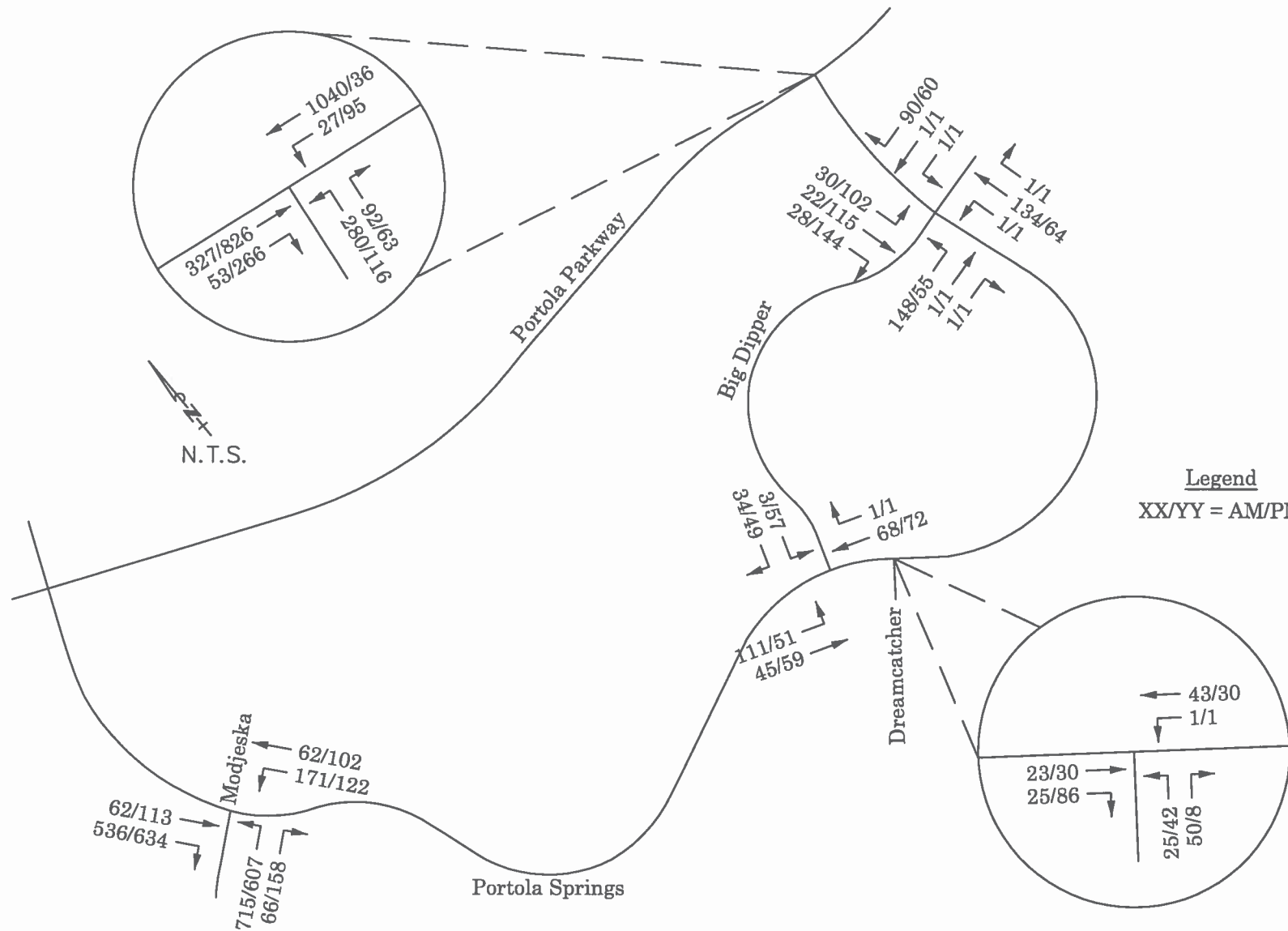


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Project Site
Neighborhood 5B
Planning Area 6 N5B Unit Transfer



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& ASSOCIATES, INC.

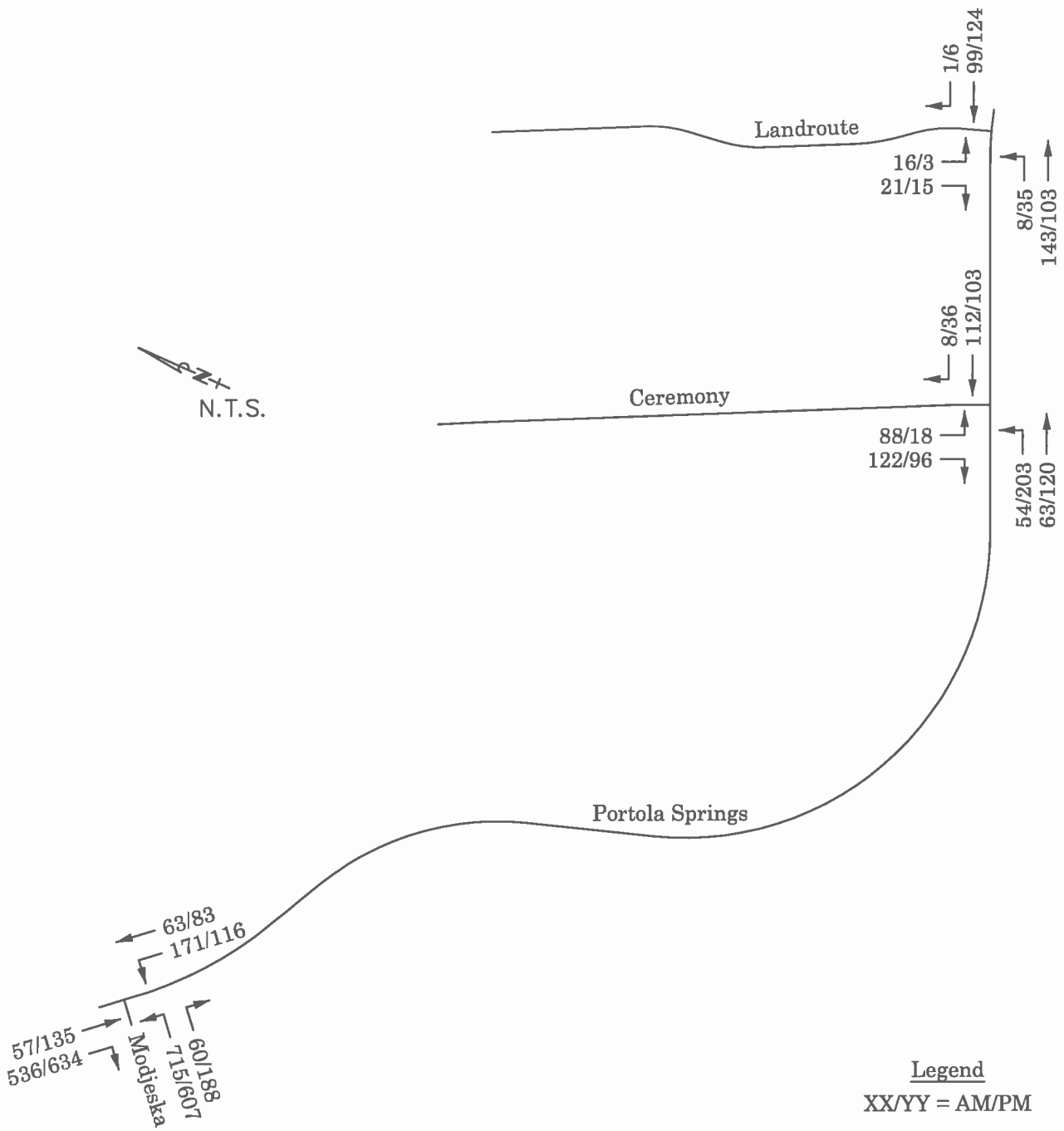


2/12/18

Peak Hour Volumes
Approved Traffic Study and Traffic Study Addendum
Planning Area 6 N5B Unit Transfer



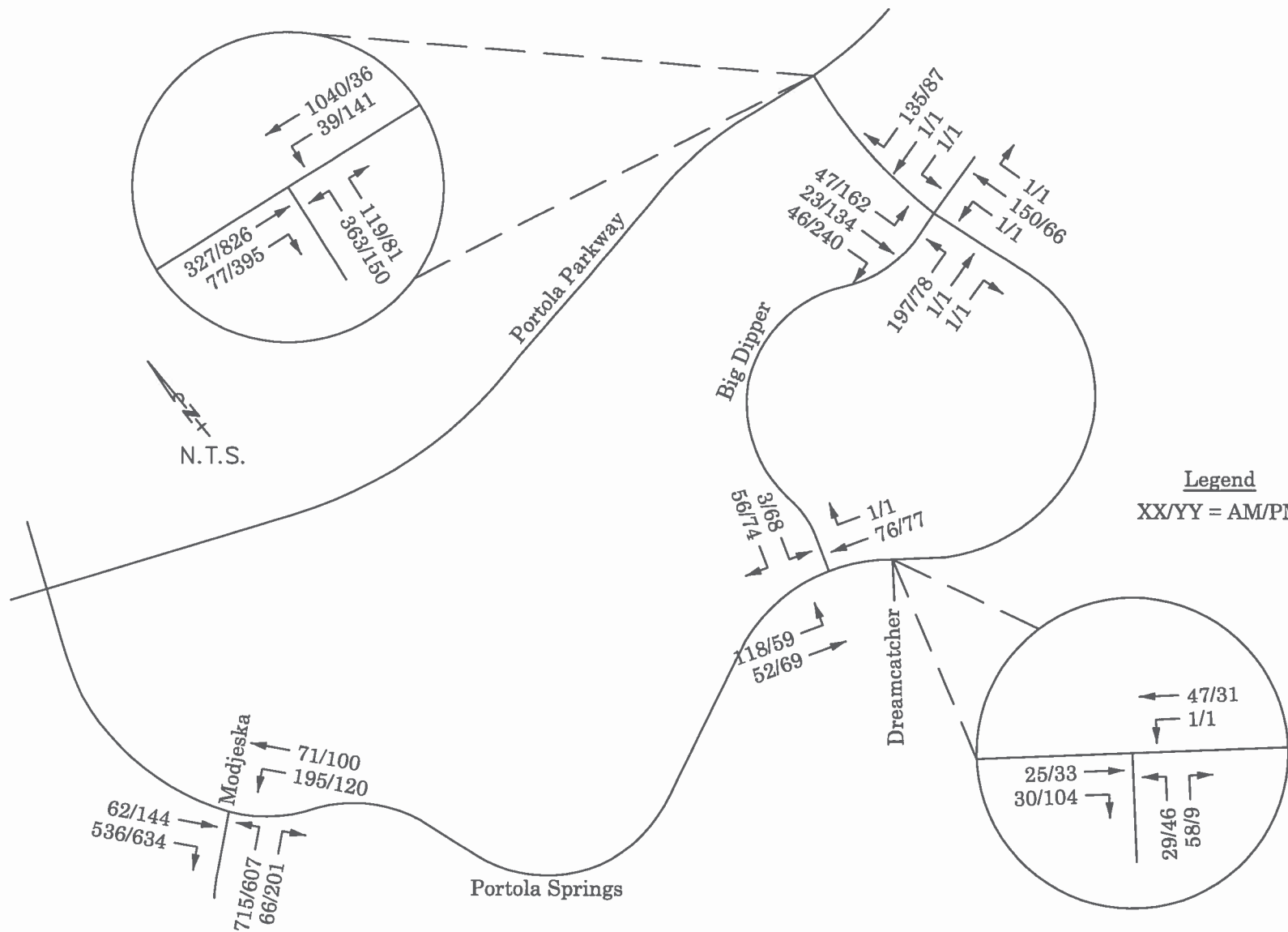
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& ASSOCIATES, INC.



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Peak Hour Volumes
Approved Projects
Planning Area 6 N5B Unit Transfer



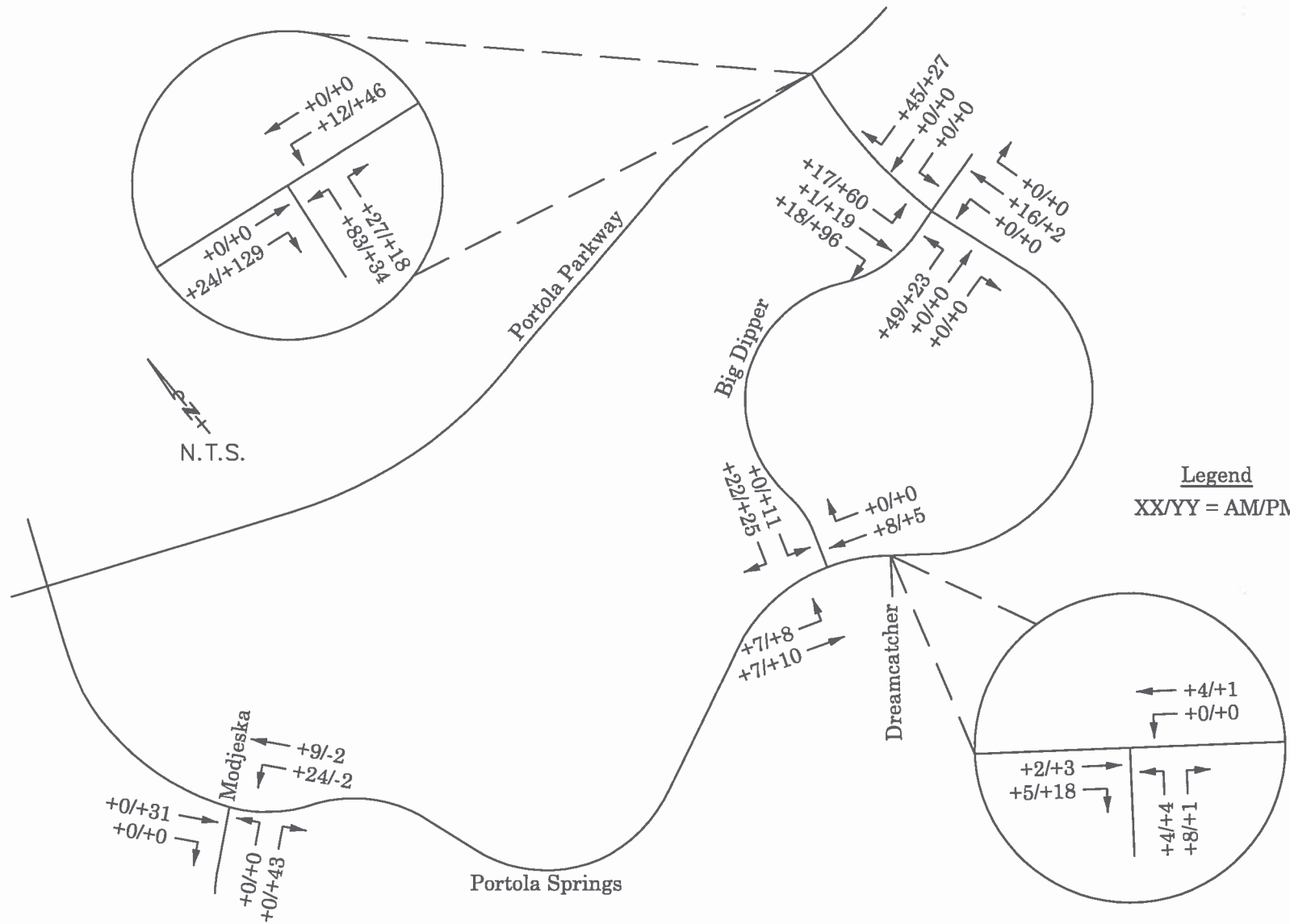


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Peak Hour Volumes
Proposed Project
Planning Area 6 N5B Unit Transfer



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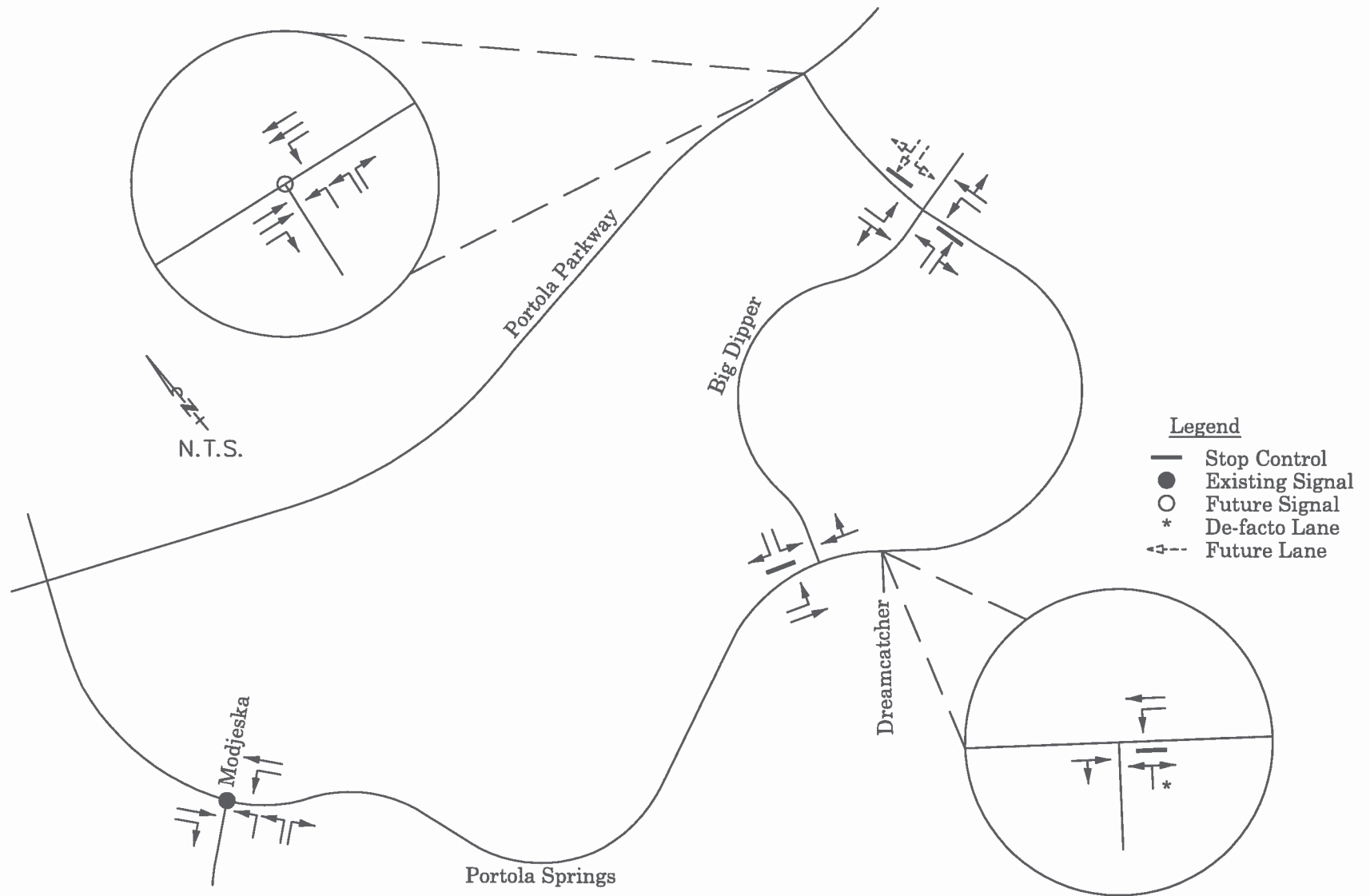


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Peak Hour Volume Changes
 Approved Traffic Study/Addendum vs. Proposed Project
 Planning Area 6 N5B Unit Transfer



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 & ASSOCIATES, INC.



2/12/18

Traffic Control Measures
Proposed Project
Planning Area 6 N5B Unit Transfer



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Attachment 8

8. Portola Springs & Portola Pkwy

Without Project						
	LANES	CAPACITY	AM PK HOUR VOL V/C	PM PK HOUR VOL V/C		
NBL	2	3400	280 .08*	116 .03*		
NBT	0	0	0	0		
NBR	1	1700	92 .05	63 .04		
SBL	0	0	0	0		
SBT	0	0	0	0		
SBR	0	0	0	0		
EBL	0	0	0	0		
EBT	2	3400	327 .10	826 .24*		
EBR	d	1700	53 .03	266 .16		
WBL	1	1700	27 .02	95 .06*		
WBT	2	3400	1040 .31*	36 .01		
WBR	0	0	0	0		
Clearance Interval				.05*		.05*
TOTAL CAPACITY UTILIZATION			.44	.38		

With Project						
	LANES	CAPACITY	AM PK HOUR VOL V/C	PM PK HOUR VOL V/C		
NBL	2	3400	363 .11*	150 .04*		
NBT	0	0	0	0		
NBR	1	1700	119 .07	81 .05		
SBL	0	0	0	0		
SBT	0	0	0	0		
SBR	0	0	0	0		
EBL	0	0	0	0		
EBT	2	3400	327 .10	826 .24*		
EBR	1	1700	77 .05	395 .23		
WBL	1	1700	39 .02	141 .08*		
WBT	2	3400	1040 .31*	36 .01		
WBR	0	0	0	0		
Clearance Interval				.05*		.05*
TOTAL CAPACITY UTILIZATION			.47	.41		

9. Portola Springs & Big Dipper

Without Project						
	LANES	CAPACITY	AM PK HOUR VOL V/C	PM PK HOUR VOL V/C		
NBL	1	1700	1 .00	1 .00		
NBT	1	1700	134 .08*	64 .04		
NBR	0	0	1	1		
SBL	1	1700	30 .02*	102 .06		
SBT	1	1700	22 .03	115 .15*		
SBR	0	0	28	144		
EBL	0	0	148 {.09}*	55 {.03}*		
EBT	1	1700	1 .09	1 .03		
EBR	0	0	1	1		
WBL	0	0	1	1		
WBT	1	1700	0 .05*	0 .04*		
WBR	0	0	90	60		
Clearance Interval				.05*		.05*
TOTAL CAPACITY UTILIZATION			.29	.27		

With Project						
	LANES	CAPACITY	AM PK HOUR VOL V/C	PM PK HOUR VOL V/C		
NBL	1	1700	1 .00	1 .00		
NBT	1	1700	150 .09*	66 .04		
NBR	0	0	1	1		
SBL	1	1700	47 .03*	162 .10		
SBT	1	1700	23 .04	134 .22*		
SBR	0	0	46	240		
EBL	1	1700	197 .12*	78 .05*		
EBT	1	1700	1 .00	1 .00		
EBR	0	0	1	1		
WBL	0	0	1	1		
WBT	1	1700	0 .08*	0 .05*		
WBR	0	0	135	87		
Clearance Interval				.05*		.05*
TOTAL CAPACITY UTILIZATION			.37	.37		

12. Dreamcatcher & Portola Springs

Without Project						
	LANES	CAPACITY	AM PK HOUR VOL V/C	PM PK HOUR VOL V/C		
NBL	0	0	25	42		
NBT	1	1700	0 .04*	0 .03*		
NBR	0	0	50	8		
SBL	0	0	0	0		
SBT	0	0	0	0		
SBR	0	0	0	0		
EBL	0	0	0	0		
EBT	1	1700	23 .03	30 .07*		
EBR	0	0	25	86		
WBL	1	1700	1 .00	1 .00		
WBT	1	1700	43 .03*	30 .02		
WBR	0	0	0	0		
Clearance Interval					.05*	.05*

TOTAL CAPACITY UTILIZATION .12 .15

With Project						
	LANES	CAPACITY	AM PK HOUR VOL V/C	PM PK HOUR VOL V/C		
NBL	0	0	29	46 { .03}*		
NBT	1	1700	0 .05*	0 .03		
NBR	0	0	58	9		
SBL	0	0	0	0		
SBT	0	0	0	0		
SBR	0	0	0	0		
EBL	0	0	0	0		
EBT	1	1700	25 .03	30 .08*		
EBR	0	0	33	104		
WBL	1	1700	1 .00	1 .00		
WBT	1	1700	47 .03*	31 .02		
WBR	0	0	0	0		
Clearance Interval					.05*	.05*

TOTAL CAPACITY UTILIZATION .13 .16

13. Big Dipper & Portola Springs

Without Project						
	LANES	CAPACITY	AM PK HOUR VOL V/C	PM PK HOUR VOL V/C		
NBL	0	0	0	0		
NBT	0	0	0	0		
NBR	0	0	0	0		
SBL	0	0	3	57		
SBT	1	1700	0 .02*	0 .06*		
SBR	0	0	34	49		
EBL	1	1700	111 .07*	51 .03*		
EBT	1	1700	45 .03	59 .03		
EBR	0	0	0	0		
WBL	0	0	0	0		
WBT	1	1700	68 .04*	72 .04*		
WBR	0	0	1	1		
Clearance Interval					.05*	.05*

TOTAL CAPACITY UTILIZATION .18 .18

With Project						
	LANES	CAPACITY	AM PK HOUR VOL V/C	PM PK HOUR VOL V/C		
NBL	0	0	0	0		
NBT	0	0	0	0		
NBR	0	0	0	0		
SBL	1	1700	3 .00	68 .04		
SBT	1	1700	0 .03*	0 .04*		
SBR	0	0	56	74		
EBL	1	1700	118 .07*	59 .03*		
EBT	1	1700	52 .03	69 .04		
EBR	0	0	0	0		
WBL	0	0	0	0		
WBT	1	1700	76 .05*	77 .05*		
WBR	0	0	1	1		
Clearance Interval					.05*	.05*

TOTAL CAPACITY UTILIZATION .20 .17

16. Portola Springs & Modjeska

Without Project						
	LANES	CAPACITY	AM PK HOUR VOL V/C	PM PK HOUR VOL V/C		
NBL	1	1700	171 .10*	122 .07*		
NBT	1	1700	62 .04	102 .06		
NBR	0	0	0	0		
SBL	0	0	0	0		
SBT	1	1700	62 .04*	113 .07*		
SBR	1	1700	536 .32	634 .37		
EBL	2	3400	715 .21*	607 .18*		
EBT	0	0	0	0		
EBR	1	1700	66 .04	158 .09		
WBL	0	0	0	0		
WBT	0	0	0	0		
WBR	0	0	0	0		
Right Turn Adjustment Clearance Interval			SBR .12* .05*	SBR .16* .05*		
TOTAL CAPACITY UTILIZATION			.52	.53		

With Project						
	LANES	CAPACITY	AM PK HOUR VOL V/C	PM PK HOUR VOL V/C		
NBL	1	1700	195 .11*	120 .07*		
NBT	1	1700	71 .04	100 .06		
NBR	0	0	0	0		
SBL	0	0	0	0		
SBT	1	1700	62 .04*	144 .08*		
SBR	1	1700	536 .32	634 .37		
EBL	2	3400	715 .21*	607 .18*		
EBT	0	0	0	0		
EBR	1	1700	66 .04	201 .12		
WBL	0	0	0	0		
WBT	0	0	0	0		
WBR	0	0	0	0		
Right Turn Adjustment Clearance Interval			SBR .12* .05*	SBR .15* .05*		
TOTAL CAPACITY UTILIZATION			.53	.53		



**ENVIRONMENTAL EVALUATION FOR
SUBSEQUENT ACTIVITY UNDER AN EIR
(This is not an Initial Study)**

NORTHERN SPHERE – Planning Area 6

SECTION I. PROJECT INFORMATION

PROJECT TITLE AND NUMBER: Amend the Irvine Zoning Ordinance specific to Planning Area (PA) 6 to reallocate 326 units from the 8.1A Trails and Transit Oriented Development zoning district to the 2.3K Medium Density Residential zoning district, and to classify 256 existing affordable units as being “additive”.
Zone Change 00693253-PZC

PROGRAM EIR NAME:
Northern Sphere Area Environmental Impact Report

EIR NUMBER:
SCH No. 2001051010

PROJECT APPLICANT: Irvine Company Community Development

PROJECT LOCATION (SPECIFIED): PA 6 (Portola Springs) is a 2,807-gross-acre planning area generally bounded by Jeffrey Road and State Route (SR) 133 to the west, PA 51 (Orange County Great Park) and U.C. Regents property to the south, SR-241 and PA 3 (Limestone Canyon) to the north and City boundary to the east. The planning area is divided into individual neighborhoods: 1, 2, 3, 4A1, 4A2, 4A3, 4B, 5A, 5B, 5C and 6.

Neighborhood 3 contains the affordable housing units. Neighborhood 5B/5C contains the 2.3K zoning district and Neighborhood 6 contains the 8.1A zoning district.

PROJECT LOCATION (CITY): Irvine

PROJECT LOCATION (COUNTY): Orange

PROJECT DESCRIPTION: The application includes revisions to the Zoning Ordinance text to: 1) reallocate 326 dwelling units from the 8.1A Trails and Transit Oriented Development zoning district to the 2.3K Medium Density Residential zoning district within Portola Springs [Planning Area (PA) 6] (PC Attachment 1); and, 2) classify 256 existing affordable units as being “additive” to the zoning cap.

GENERAL PLAN LAND USE DESIGNATION: Medium Density Residential
Multi-Use

ZONING DESIGNATION: 2.3K Medium Density Residential
8.1A Trails and Transit Oriented Development

PREPARED BY: Stephanie Frady, AICP
Senior Planner

DATE: March 1, 2018

SECTION II: PROGRAM EIR CHECKLIST

In accordance with Section 15168(c) of the CEQA Guidelines, the following checklist ensures that all project-related impacts have been addressed in the Program EIR. Mitigation measures identified in the Program EIR are listed for each project-related impact.

The applicable mitigation measures for the proposed project are shown as underlined and in bold.

	Project related impact	Impact DOES NOT require mitigation through EIR analysis	Impact DOES require mitigation through EIR analysis	Assigned mitigation measures
1. <u>AESTHETICS</u> . Will the proposal:				
A. Have a substantial adverse effect on a scenic vista?	Yes / No	X		1
B. Substantially damage scenic resources, including, but not limited to trees, rock outcroppings, and historic buildings within a state scenic highway?	Yes / No	X		1
C. Substantially degrade the existing visual character or quality of the site and its surroundings?	Yes / No	X		1,106,112
D. Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	Yes / No	X		2,3,4,5
2. <u>AGRICULTURE</u> . Will the proposal:				
A. Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	Yes / No	X		SOC 6,7,8,9,10
B. Conflict with existing zoning for agricultural use, or a Williamson Act contract?	Yes / No	X		SOC 6,7,8,9,10
C. Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to Non-agricultural use?	Yes / No	X		SOC 6,7,8,9,10
3. <u>AIR RESOURCES</u> . Will the proposal:				
A. Conflict with or obstruct implementation of the applicable air quality plan	Yes / No	X		SOC 11,12,13, 14,15
B. Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	Yes / No	X		SOC 11,12,13, 14,15

	Project related impact	Impact DOES NOT require mitigation through EIR analysis	Impact DOES require mitigation through EIR analysis	Assigned mitigation measures
C. Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	Yes / No	X		SOC 11,12,13, 14,15
D. Exposure of sensitive receptors to substantial pollutant concentrations?	Yes / No	X		SOC 11,12,13, 14,15
E. The creation of objectionable odors?	Yes / No	X		11,12
4. BIOLOGICAL RESOURCES. Will the proposal:				
A. Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Services?	Yes / No	X		16,21,22, 23,24
B. Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Services?	Yes / No	X		16,20,22, 23,24,25, 26,27,28, 29
C. Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	Yes / No	X		16,18,19, 22,24,26, 28,29
D. Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors or impede use of native wildlife nursery sites?	Yes / No	X		16,22,23, 24,26,27, 28,29
E. Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	Yes / No	X		17
F. Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	Yes / No	X		21,22,23, 24,25,27, 28,29

	Project related impact	Impact DOES NOT require mitigation through EIR analysis	Impact DOES require mitigation through EIR analysis	Assigned mitigation measures
5. <u>CULTURAL/SCIENTIFIC RESOURCES.</u> Will the proposal:				
A. Cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5?	Yes / No	X		30,35,37, 40,41
B. Cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5?	Yes / No	X		31,32, 34,38,39
C. Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	Yes / No	X		31,32, 33,38,39
D. Disturb any human remains, including those interred outside of formal cemeteries?	Yes / No	X		36,39
6. <u>GEOLOGY AND SOILS.</u> Will the proposal:				
A. Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i. Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	Yes / No	X		42,43,44, 45,46,48
ii. Strong seismic ground shaking?	Yes / No	X		42,43,44, 45,46,48
iii. Seismic-related ground failure, including liquefaction?	Yes / No	X		42,43,44, 45,46,48
iv. Landslides?	Yes / No	X		42,43,44, 45,46,48
B. Result in substantial soil erosion or loss of topsoil?	Yes / No	X		42,43,44, 45,46,48
C. Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	Yes / No	X		42,43,44, 45,46,48
D. Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	Yes / No	X		42,43,44, 45,46,47, 48

<u>Project related impact</u>	<u>Impact DOES NOT require mitigation through EIR analysis</u>	<u>Impact DOES require mitigation through EIR analysis</u>	<u>Assigned mitigation measures</u>
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7. **HAZARDS AND HAZARDOUS MATERIALS.** Will the proposal:

A. Create a significant hazard to the public or the environment through the routine transport, use or disposal of hazardous materials?	Yes / No	X	52,53, 54,55
B. Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	Yes / No	X	50,51,52, 53,54,55
C. Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within 1/4 mile of an existing or proposed school?	Yes / No	X	
D. Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	Yes / No	X	50,51,52
E. For a project located within an airport land use plan or, where such a plan has not been adopted, within 2 miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in a project area?	Yes / No	X	
F. For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	Yes / No	X	
G. Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	Yes / No	X	
H. Expose people or structures to a significant risk of loss, injury or death involving wildfires, including where wildlands are adjacent to urbanized areas or where residents are intermixed with wildlands?	Yes / No	X	49,50

	Project related impact	Impact DOES NOT require mitigation through EIR analysis	Impact DOES require mitigation through EIR analysis	Assigned mitigation measures
8. <u>HYDROLOGY AND WATER QUALITY.</u> Would the project:				
A. Violate any water quality standards or waste discharge requirements?	Yes / No	X		56,57,58, 61,63,64, 66,67,68
B. Substantially deplete groundwater supplies or substantially interfere with groundwater recharge such that there would be a net deficient in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	Yes / No	X		61
C. Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?	Yes / No	X		56,57,58, 59,61,62, 64,66,67, 68
D. Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on or off-site?	Yes / No	X		56,57,58, 59,61,62, 64,66,67, 68
E. Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	Yes / No	X		56,57,58, 62,66,67, 68,69,70, 71
F. Otherwise substantially degrade water quality?	Yes / No	X		56,57,58, 62,63,64, 66,67,68, 69,70,71
G. Place housing within a 100-year flood hazard area as mapped on federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	Yes / No	X		59,60,62, 65,66,67, 68,69,70, 71
H. Place within a 100-year flood hazard area structures which would impede or redirect flood flows?	Yes / No	X		59,60,62, 65,66,67, 68
I. Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	Yes / No	X		59,60, 62,65

	Project related impact	Impact DOES NOT require mitigation through EIR analysis	Impact DOES require mitigation through EIR analysis	Assigned mitigation measures
J. Inundation by seiche, tsunami, or mudflow?	Yes / No	X		59,60
9. LAND USE. Will the proposal:				
A. Physically divide an established community?	Yes / No	X		
B. Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	Yes / No	X		72,73
C. Conflict with any applicable habitat conservation plan or natural community conservation plan?	Yes / No	X		
10. MINERAL RESOURCES. Will the proposal:				
A. Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	Yes / No	X		
B. Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	Yes / No	X		
11. NOISE. Will the project result in:				
A. Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	Yes / No	X		74,75,76, 77,78
B. Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	Yes / No	X		74,75,76, 77,78
C. A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	Yes / No	X		77,78,79
D. A substantial temporary/periodic increase in ambient noise levels in project vicinity above levels existing without project?	Yes / No	X		79
E. For a project located within an airport land use plan or within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	Yes / No	X		79

	Project related impact	Impact DOES NOT require mitigation through EIR analysis	Impact DOES require mitigation through EIR analysis	Assigned mitigation measures
F. For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	Yes / No	X		
12. POPULATION AND HOUSING. Will the proposal:				
A. Induce substantial population growth in an area, either directly (for example, by proposing new homes and business) or indirectly (for example, through extension of roads or other infrastructure)?	Yes / No	X		
B. Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	Yes / No	X		
C. Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	Yes / No	X		
13. PUBLIC SERVICES. Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
A. Fire protection?	Yes / No	X		80,81,82
B. Police protection?	Yes / No	X		83
C. Schools?	Yes / No	X		84
				85,86,87, 88,89,90,
D. Parks?	Yes / No	X		91,92,93
E. Other public facilities?	Yes / No	X		89,109
14. RECREATION. Will the proposal:				
A. Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	Yes / No	X		85,86,87, 88,89,90, 91,92,93
B. Include recreation facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?	Yes / No	X		85,86,87, 88,89,90, 91,92,93

	Project related impact	Impact DOES NOT require mitigation through EIR analysis	Impact DOES require mitigation through EIR analysis	Assigned mitigation measures
15. <u>TRANSPORTATION/CIRCULATION.</u> Will the proposal:				
A. Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trip, the volume to capacity ratio on road, or congestion at intersections)?	Yes / No	X		94,95,96, 97,98,99, 100
B. Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?	Yes / No	X		94,95,96, 97,98,99, 100
C. Result in a change in air traffic patterns, including either an increase in traffic level or a change in location that results in substantial safety risks?	Yes / No	X		
D. Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	Yes / No	X		
E. Result in inadequate emergency access?	Yes / No	X		
F. Result in inadequate parking capacity?	Yes / No	X		
16. <u>UTILITIES, SERVICE SYSTEMS AND ENERGY.</u> Will the proposal:				
A. Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	Yes / No	X		56,57,58, 61,62,63, 64,66, 67,68
B. Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	Yes / No	X		110,111, 113
C. Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	Yes / No	X		110, 111, 113
D. Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	Yes / No	X		110, 111, 113
E. Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	Yes / No	X		110, 111, 113

	Project related impact	Impact DOES NOT require mitigation through EIR analysis	Impact DOES require mitigation through EIR analysis	Assigned mitigation measures
F. Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	Yes / <u>No</u>	X		117
G. Comply with federal, state, and local statutes and regulations related to solid waste?	Yes / <u>No</u>	X		114, 115, 116, 117
H. Result in wasteful use of fuel or energy?	Yes / <u>No</u>	X		101, 102, 105, 106, 107, 108
I. Abnormally increase demand for existing sources of energy, or require the development of new sources of energy?	Yes / <u>No</u>	X		101, 102, 103, 104, 105, 106, 107, 108

SECTION III. APPLICABILITY OF CEQA GUIDELINES SECTIONS 15162 AND 15163

	<u>YES</u>	<u>NO</u>
1. Subsequent changes are proposed in the project which will require important revisions of the EIR due to the involvement of new significant environmental impacts not considered in an EIR for the project.		X
2. Substantial changes occur with respect to the circumstances under which the project is undertaken, such as a substantial deterioration in the air quality where the project will be located, which will require important revisions in the EIR due to the involvement of new significant environmental impacts not covered in the EIR; or		X
3. New information of substantial importance to project becomes available, and		
A. The information was not known and could not have been known at the time the EIR was certified as complete or was adopted, and		X
B. The new information shows any of the following:		
1. The project will have one or more significant effects not discussed previously in the EIR;		X
2. Significant effects previously examined will be substantially more severe than shown in the EIR;		X
3. Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project; or		X
4. Mitigation measures or alternatives which were not previously considered in the EIR would substantially lessen one or more		

significant effects on the environment.

	X
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SECTION IV. FINDINGS

YES

NO

1. The project has effects that were not examined in the EIR; therefore, an Initial Study needs to be prepared leading to either an EIR or a Negative Declaration.
2. The agency finds that pursuant to Section 15162, no new effects will occur or no new mitigation measures will be required. The agency can approve the project as being within the scope of the project covered by the EIR, and no new environmental document is required.

	X
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X	
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Case No.: Zone Change 00693253-PZC
Date: March 1, 2018
Planner: Stephanie Frady, Senior Planner

SUBSEQUENT ACTIVITY UNDER A PROGRAM EIR for the NORTHERN SPHERE

Amend the Irvine Zoning Ordinance Specific to Planning Area 6 (Portola Springs)

[Mitigation Measures 1.1 to 15.17 correspond to order of mitigation measures in the PEIR Mitigation Summary]

A	-	Previously applied Mitigation Measure
B	-	Mitigation Measure for this project
S	-	Mitigation Measure has been satisfied for entire Planning Area
N/A	-	Mitigation Measure is not applicable for this project

Aesthetics

- | | | |
|------------|----|---|
| <u>S</u> | 1. | This development includes land that encompasses or lies within Open Space Implementation Action Program Districts P, Q and R as shown on the City's General Plan and Zoning Ordinance. Prior to the release of a final map by the City, the [landowner or subsequent project] applicant shall submit an irrevocable offer of dedication for the preservation open space lot and/or easement, as required by the City's Phased Dedication and Compensating Development Opportunities Program. A copy of the irrevocable offer shall be submitted to both the City Engineer and the Director of Community Development. The irrevocable offer of dedication for the preservation open space lot and/or easement shall be prepared to the satisfaction of the Director of Community Development, the City Engineer, and the City Attorney. The offer shall be recorded with filing of the final map. (NOTE: Implementation District P is outside the Northern Sphere Area entirely within the NCCP/HCP area. Unlike the remainder of the dedicated open space areas, Implementation District "P" will not be annexed to the City as part of the Northern Sphere Area project and is not covered by proposed Northern Sphere Area General Plan Amendment and Zone Change. (Mitigation Measure 1.1) |
| <u>N/A</u> | 2. | Lighting for public recreational facilities within the project shall be in conformance with the City of Irvine Community Services Lighting Standards for Public Facilities. To the extent practical, installed lighting shall be shielded so that light is directed away from preserved open space, thereby minimizing light impacts on preserved open spaces. (NOTE: The City of Irvine Community Services Lighting Standards for Public Facilities limit the maximum footcandle level on the property line of park facilities to 1.5 footcandles, and require a numerical lighting model showing compliance with that standard to be submitted and approved with the lighting plans for recreational athletic fields. A footcandle is a unit of illuminance produced by one candle on a surface that is uniformly |

one foot from light source. Ambient light at a property line that is 1.4 footcandle or less is not considered significantly adverse.) (Mitigation Measure 1.2)

- N/A 3. Prior to the issuance of building permits, the [landowner or subsequent project] applicant shall demonstrate through the submittal of an electrical engineer's photometric survey, prepared to the satisfaction of the Director of Community Development, that lighting requirements as set forth in the Irvine Uniform Security Code are met. (Mitigation Measure 1.3)
- N/A 4. Prior to the approval of each Street Improvement Plan within Planning Area 6, the landowner or subsequent project applicant shall submit a street lighting plan for review and approval by the Department of Public Works. The plan shall include the amount, location, height and intensity of street lighting limited to the minimum necessary for public safety in order to maintain the hillside character of the community and reduce nighttime glare. (Mitigation Measure 1.4)
- N/A 5. Prior to the issuance of building permits for public park facilities, the [landowner or subsequent project] applicant shall submit a lighting plan for review and approval by the Director of Community Services. Trail and park lighting near the Natural Community Conservation Planning (NCCP) areas shall be reviewed and approved by the Director of Community Services. (Additional Mitigation Measures) (NOTE: See explanatory note for Mitigation Measure 1.2. This measure provides the City with authority to regulate park lighting plans, in concert with Mitigation Measure 1.2, to not only ensure that ambient light from park lighting meets the City's 1.5 footcandle standard at property lines, but also to ensure that ambient light is limited to the maximum extent consistent with the public use and enjoyment of such parks.) (Mitigation Measure 1.5)

Agricultural Resources

- N/A 6. The City shall permit agricultural uses within the Northern Sphere Area until the time of development. The landowner shall make at least 300 acres of land within the City of Irvine and its sphere of influence available for a five year period for agricultural operations to ensure that agricultural operations continue until farming uses have been established to the satisfaction of the City on the 300 acres provided for under the City program in Mitigation Measures 2.3 and 2.4. Within six months from the date of adoption of the modification to Objective L-10, the landowner in the Northern Sphere and the area of Planning Area 9 south of Trabuco shall designate the 300 acres subject to this requirement and provide updated reports every six months to redesignate the location of the 300 acres of agricultural use. Landowner must maintain the availability of minimum 300 acres for a five year period or until the City Director of Community Development certifies in writing that farming uses for at least 300 acres have commenced under the program described in Mitigation Measures 2.3 and 2.4. For each acre which has been put into farming uses under Mitigation Measures

2.3 and 2.4, the Director of Community Development may release the equivalent acreage required by this measure. (Mitigation Measure 2.1)

N/A 7. Heritage and community service/educational farming operations shall be permitted within utility easements and other lands. Heritage farming is defined as small-scale specialty farming operations that can be accommodated in an urban environment. An example would be the edible landscape project located at Harvard Avenue within the Edison right-of-way. (Mitigation Measure 2.2)

S 8. Of the land within the Northern Sphere Area, approximately 300 acres were previously designated for permanent agriculture (General Plan designated as Agriculture and zoned for Exclusive Agriculture). Within five years of project approval, the City and The Irvine Company shall replace this approximately 300 acres currently designated for permanent agriculture by making available for metro-farming non-NCCP open space, public lands, or other lands as agreed to by landowner. The City has identified the following areas within the Northern Sphere area and the City as having the soils and other qualities which make them candidates as replacement acreage which could be made available for metro-farming subject to further environmental review:

- a. Approximately 100 acres within Planning Area 6. These areas are currently proposed for development as part of the project, but may be made available for agricultural use in accordance with this mitigation measure.
- b. Approximately 11 acres within the Jeffery Open Space Spine south of Interstate 5, between Walnut Ave and the railroad right-of-way.
- c. Approximately 266 acres within Planning Area 16 (Implementation Districts G and H). Habitat sensitive agricultural operations could be considered within this area.
- d. Approximately 51 acres within minor preservation areas P-10 and P-13.
- e. Easements or public lands, including land within MCAS El Toro designated for agricultural uses in accordance with any re-use plan.

Actions to make land available for metro-farming shall include, but not be limited to the elimination of deed or other contractual restrictions on agricultural operations and zoning amendments and/or revisions to existing MOU(s) between the City and the landowner, as necessary to allow agricultural operations on a permanent basis within approximately 300 acres of land from among the foregoing. The dedication of these lands to the City of Irvine or another entity for the administration of agricultural operations maybe considered. In addition, the City may develop a program for the governance of the agricultural operations on these lands as part of the City's Agricultural Legacy Program. The costs of implementing this program shall be paid by the funds set forth in Mitigation Measure 2.5. (Mitigation Measure 2.3)

S 9. The landowner and the City shall work cooperatively with farmers to minimize conflicts between agricultural operations and adjacent urban uses. (Mitigation Measure 2.4)

- S 10. The landowner shall contribute \$100,000 to further expand metro-farming and heritage, community service/educational farming operations, including the operation of 300 new acres of agricultural uses described in 2.3 above. This funding may be used by the City for program development, capital costs associated with the program or educational efforts. Additional funds for operation of this program shall be provided from the anticipated revenues to the City from rental of public land specified in 2.3 above to persons farming the land. Funds shall be paid by the landowner to the City prior to the earlier approval of a master subdivision map for either the Northern Sphere project (PA 5B, 8A, 6 and 9) or for portion of PA 9 south of Trabuco (PA 40/Spectrum 8), if that development project is approved in the future. (Mitigation Measure 2.5)

Air Quality

- N/A 11. The proposed project shall include suppression measures for fugitive dust and those associated with construction equipment in accordance with South Coast Air Quality Management District (“SCAQMD”) Rule 403 and other SCAQMD requirements. Prior to issuance of each grading permit, the landowner or subsequent project applicant shall obtain the appropriate permits from the SCAQMD and submit them to the City. (NOTE: The SCAQMD has adopted standard “rules” to minimize the air quality impacts associated with development activities to the extent feasible. SCAQMD Rule 403 is one such rule. Rule 403 prohibits the creation of fugitive dust from any active operation, open storage pile, or disturbed surface area where dust remains visible in the atmosphere beyond the property line. Under Rule 403, the Project is required to employ best available control measures to minimize fugitive dust emissions, including frequent watering, use of dust suppressants, installation of temporary enclosures, and/or planting a vegetative ground cover after active operations have ceased. Other SCAQMD requirements to minimize short-term construction impacts include Rule 401 and Rule 402. Mitigation measures ensure compliance with SCAQMD rules and emissions. (Mitigation Measure 3.1)
- N/A 12. Prior to the issuance of grading permits the landowner or subsequent project applicant shall include a note on all grading plans, which requires the construction contractor to implement following measures during grading. These measures shall also be discussed at the pre-grade conference.
- a. Use low emission mobile construction equipment.
 - b. Maintain construction equipment engines by keeping them tuned.
 - c. Use low sulfur fuel for stationary construction equipment.
 - d. Utilize existing power sources (i.e., power poles) when feasible.
 - e. Configure construction parking to minimize traffic interference to a minimum.
 - f. Minimize obstruction of through-traffic lanes. When feasible, construction should be planned so that lane closures on existing streets are kept hours.
 - g. Schedule construction operations affecting traffic for off-peak hours.
 - h. Develop a traffic plan to minimize traffic flow interference from construction activities (the plan may include advance public notice of routing, use of

public transportation and satellite parking areas with a shuttle service).
(Mitigation Measure 3.2)

- N/A 13. Prior to the approval of each final map for commercial uses, the landowner or subsequent project applicant shall submit a plan to the Department of Community Development for approval, which promotes the utilization of alternative forms of transportation through incorporation of the following measures:
- a. Annexation to the Irvine Spectrum Transportation Management Association (TMA) (Spectrumotion) for all medical and science zoned projects.
 - b. Scheduling of truck deliveries and pickups during off-peak hour when feasible.
 - c. Provision of adequate ingress and egress at all entrances to public facilities to minimize vehicle idling at curbsides.
 - d. Provision of dedicated turn lanes as appropriate and provide roadway improvements at heavily congested roadways. (Mitigation Measure 3.3)
- N/A 14. Prior to approval of each building permit for a medical and science zoned use, the landowner or subsequent project applicant shall submit to the Director of Community Development for approval, an operational emissions mitigation plan. The plan shall identify implementation procedures for each of the following emissions reduction measures. If certain measures are determined infeasible, an explanation thereof shall be provided in the operational emissions mitigation plan.
- a. Utilize built-in energy-efficient appliances to reduce energy consumption and emissions.
 - b. Utilize energy-efficient and automated controls for air conditioners and lighting to reduce electricity consumption and associated emissions. (Mitigation Measure 3.4)
- A 15. Prior to approval of each tentative tract map, the landowner or subsequent project applicant shall submit to the Director of Community Development for approval, a plan showing pedestrian/bicycle trails that facilitate connections to public facilities such as schools, parks, and regional trails, as well as between residential neighborhoods.
- a. Where possible, connect residential areas to public facilities, parks, regional trails and other residential neighborhoods with pedestrian/ bicycle trails.
 - b. Where possible, connect commercial areas to adjacent residential areas via bike/walking paths.
 - c. Coordinate with OCTA and the City regarding the location of bus turnouts and bus routes within the project area. (Mitigation Measure 3.5)

Biological Resources

- A 16. Prior to the issuance of permits for any grading activity including, but not limited to, clearing, grubbing, mowing, discing, trenching, grading, fuel modification, agriculture planting activity and/or other related construction activity, the landowner or subsequent project applicant shall obtain written authorization from the appropriate Federal, State, and local agencies that said activity complies with the regulations enforced by those agencies. Additionally, any mitigation requirements set forth by such agencies shall be incorporated into the project's final design plans. This written authorization, along with plans and mitigation measures, shall be submitted to the Director of Community Development for review and shall have been approved prior to any grading activity. [Note: This standard condition only applies to the removal of non-covered habitats. Covered habitats are subject to the provisions of the NCCP/HCP as set forth in Mitigation Measure 4.7.] (Note: Federally, the United States Fish and & Wildlife Service regulates the removal of listed native plant communities through the Federal Endangered Species Act ("FESA") and the requirement for an incidental take permit (or take authorization). In essence, the FESA prohibits activities resulting in take of listed species that (1) are not minimized or mitigated to the maximum extent practicable, and/or (2) jeopardize the continued existence of listed species. The Army Corps of Engineers regulates activities impacting wetlands and other waters of the United States through the Clean Water Act and the requirement for a Section 404 dredge and fill permit, generally with a requirement of "no net loss" of wetlands and their habitat values.) (Mitigation Measure 4.1)
- A 17. Prior to the issuance of grading permits for any planning area potentially affecting eucalyptus windrows, an application to remove the trees shall be submitted by the landowner or subsequent project applicant and a permit must be received from the City of Irvine's Community Development Department, Building and Safety Division, in accordance with the City of Irvine's Urban Forestry Ordinance. [NOTE: The City of Irvine's Urban Forestry Ordinance ("UFO") establishes criteria for removal of "significant trees" on private property, including eucalyptus windbreaks. Under the UFO, permits are required for removal of significant trees, to be issued under the guidance of the City's Urban Forestry Guideline Manual ("Manual"). The UFO and Manual establish criteria for identifying those trees that may be removed (i.e., trees that are dead, in irreversible decline, potentially hazardous, malformed due to crowding, insect or disease infected, damaging structures, or "significantly inhibiting the utilization of the property and removal can be determined to provide a public benefit"), and establishes criteria for replacement plantings (on at least a one-to- one ratio).] (Mitigation Measure 4.2)
- A 18. Prior to the issuance of a grading permit covering jurisdictional areas, the landowner or subsequent project applicant shall:

- a. Provide evidence to the City of Irvine Director of Community Development that (a) all necessary permits or authorizations have been obtained from the State Department of Fish and Game (pursuant to Section 1601-1603 of the Fish and Game Code) and the U.S. Army Corps of Engineers (pursuant to Section 404 of the Clean Water Act), or (b) that no such permits or authorizations are required, and
- b. Provide evidence to the City of Irvine Director of Community Development that the project and the riparian mitigation and restoration program has been coordinated with the Special Area Management Plan/Master Streambed Alteration Agreement (SAMP/MSAA) for the San Diego Creek Watershed. (Mitigation Measure 4.3)

N/A 19. If a 404 Permit or other authorization is required from the Army Corps of Engineers, the landowner or subsequent project applicant shall provide, to the Community Development Director of the City of Irvine, evidence of a Section 401 Water Quality Certification from the California Regional Water Quality Control Board, Santa Ana Region. (Additional Mitigation Measures) (NOTE: Section 401 of the federal Clean Water Act requires any applicant for a Federal permit, such as a Clean Water Act Section 404 dredge and fill permit, to provide the licensing agency a certification from the California Regional Water Quality Control Board that the project will comply with adopted water quality standards. The City has found that compliance with Section 401 requirements equates to evidence of mitigation of potential storm water runoff impacts to receiving waters to levels of insignificance. This condition ensures that the City acts as an independent enforcement agency for the Section 401 program. The condition also ensures that the City is provided information about any storm water protection measures before permits are issued, so that the City can exercise its independent judgment concerning avoidance or mitigation of storm water impacts in the event of unforeseen circumstances.) (Mitigation Measure 4.4)

N/A 20. Prior to issuance of a grading permit for any area containing resources subject to the jurisdiction of California Department of Fish and Game and the Army Corps of Engineers other than occupied or potential least Bell's vireo habitat, a detailed riparian mitigation and restoration program shall be developed which has been coordinated with the SAMP/MSAA, and shall address the following items:

- a. Responsibilities and qualifications of the personnel to implement and supervise the plan. The responsibilities of the landowner, specialists and maintenance personnel that will supervise and implement the plan will be specified.
- b. Site selection. The site for mitigation within or adjacent to the Protocol area will be determined in coordination with the landowner or subsequent project applicant, California Department of Fish and Game and Army Corps of Engineers. The site will either be located within the Protocol area in a dedicated open space area, or land will be purchased or preserved adjacent

to, but off site within the San Diego Creek watershed. Potential sites include: Agua Chinon south of the sedimentation basin; upland areas adjacent to the 3.15-acre willow woodland north of Portola Parkway; and upland areas adjacent to the three patches of riparian woodland which was occupied by vireos (if vireos remain and the area is preserved).

- c. Restoration and creation of habitat. The plan shall require the creation of riparian habitat in the amount and of the type required by California Department of Fish and Game and Army Corps of Engineers, provided, however, that, in order to assure no net loss of jurisdictional resources on an acre-for-acre basis, all impacted Corps and CDFG jurisdictional habitat shall be compensated by restoration, enhancement or creation at a minimum of 1:25:1 ratio.
- d. Site preparation and planting implementation. The site preparation will include:
 - 1) protection of existing native species,
 - 2) trash and weed removal,
 - 3) native species salvage and reuse (i.e. duff),
 - 4) soil treatments (i.e. imprinting, decompacting),
 - 5) temporary irrigation installation,
 - 6) erosion control measures (i.e. rice or willow wattles),
 - 7) seed mix application, and
 - 8) container species.
- e. Schedule. A schedule will be developed which includes planting to occur in late fall and early winter, between October and January 31.
- f. Maintenance plan/guidelines. The maintenance plan will include:
 - 1) weed control,
 - 2) herbivory control,
 - 3) trash removal,
 - 4) irrigation system maintenance,
 - 5) maintenance training, and
 - 6) replacement planting.
- g. Monitoring Plan. The monitoring plan will include:
 - 1) qualitative monitoring (i.e., photographs and general observation),
 - 2) quantitative monitoring (i.e., randomly placed transects),
 - 3) performance criteria as approved by the resource agencies,
 - 4) monitoring reports for three to five years, and
 - 5) site monitoring as required by the resource agencies to ensure successful establishment of riparian habitat within the restored and created area. Successful establishment is defined per the performance criteria agreed to by the ACOE, CDFG, and the landowner or subsequent project applicant.
- h. Long-term preservation. Long-term preservation of the site will also be outlined in the conceptual mitigation plan to ensure the mitigation site is not impacted by future development. The plan shall be submitted to the Department of Community Development for review and approval.

- i. Mexican elderberry woodland and mulefat. The riparian mitigation and restoration program will address impacts to Mexican elderberry woodland and mulefat. (Mitigation Measure 4.5)

- A 21. Prior to the approval of a tentative tract map within Planning Area 6, the landowner or subsequent project applicant shall assure avoidance (or minimization in consultation with USFWS and CDFG) of impacts to occupied least Bell's vireo habitat. Accordingly, the landowner or subsequent project applicant shall undertake annual surveys (commencing with the next breeding season following certification of this EIR) to determine presence or absence of least Bell's vireo (LBV) within identified occupied and potential LBV habitat in the Protocol development areas. Such surveys shall be submitted to CDFG and USFWS, and landowner or subsequent project applicant shall review the surveys with those agencies if any significant changes occur in LBV presence or absence as documented by the surveys. Prior to approval of a tentative tract map for any project that would impact identified occupied or potential LBV habitat, the landowner or subsequent project applicant shall consult with CDFG and USFWS regarding any potential impacts to LBV of the project proposed by the tentative tract map in accordance with the provisions governing conditional coverage of the LBV set forth in the Implementation Agreement for the County of Orange Central and Coastal NCCP/HCP. Pursuant to such review, the landowner or subsequent project applicant shall, in accordance with the NCCP/HCP, obtain from USFWS and CDFG a determination regarding any long-term conservation value of LBV habitat and appropriate avoidance measures. Prior to the issuance of a grading permit, the landowner or subsequent project applicant shall:
- a. Provide evidence to the City of Irvine Director of Community Development that:
 - 1) all necessary permits or authorizations for impacts to LBV have been obtained from the State Department of Fish and Game USFWS under the NCCP/HCP; or
 - 2) no such permits or authorizations are required, and
 - b. Provide evidence to the City of Irvine Director of Community Development that the project and the LBV avoidance measures have been coordinated with USFWS and CDFG. Prior to issuance of a grading permit for any area containing occupied LBV habitat, detailed avoidance measures shall be developed in coordination with USFWS and CDFG and in accordance with the NCCP, and such measures shall, at a minimum, address the following items:
 - 1) Fencing. When construction activity occurs in the vicinity of LBV habitat to be preserved, such habitat shall be fenced prior to commencement of construction, and all construction personnel shall strictly limit their activities and vehicles to assure that the fenced areas are not disturbed. Staging and storage areas shall be at least 150 feet away from all such fenced habitat. A contractor education program shall be prepared and

implemented to apprise all construction personnel working in the vicinity of protected habitat of the occurrence of sensitive species in the area, the sensitivity of the species to human activities, the legal protection afforded to these species, and the penalties for violations of these legal protections, and the roles and authority of monitoring biologists.

- 2) Biological Monitor. A biological monitor shall be on-site, to monitor construction activities adjacent to LBV habitat and buffer areas to be preserved to assure that the habitat is preserved, and all minimization measures are followed. The biological monitor shall have the authority to temporarily halt activities that are disturbing the listed species and to implement minimization measures specified in the avoidance program.
- 3) Construction Noise. Removal of occupied LBV habitat shall occur outside of the breeding season (March 15 to Sept. 15). If construction will occur adjacent to occupied vireo habitat during the breeding season, surveys shall be conducted prior to construction activity occurring within 500 feet of occupied LBV habitat to determine the location of any nesting LBV. During construction, no activity will occur within 500 feet of active nesting territories of LBV, unless measures are implemented to minimize noise and other disturbance to those adjacent birds. These measures shall include sound walls and/or other measures that assure that sound levels reaching vireo nesting areas do not exceed 60 dBA, taking into account, however the noise levels preceding construction activity at the nesting location which may be high due to proximity of nesting sites.
- 4) Shield Lighting. To reduce the potential of indirect impacts to conserved LBV habitat, public lighting installed in conjunction with proposed development in proximity to the conserved habitat shall be shielded so that the light is directed away from the conserved habitat.
- 5) Discourage Human Entry. Post-construction signage, fencing, vegetative barriers or other effective measures shall be taken to discourage human entry associated with project development into conserved LBV habitat areas located adjacent to habitat areas in parks, or community areas where human activity is planned.
- 6) Cowbird Control. If significant areas of turf are to be installed as a part of proposed development in proximity to the conserved LBV habitat, post-construction cowbird control measures shall be implemented for at least 5 years. These measures can be coordinated with the cowbird control program operated by the Nature Reserve of Orange County. After the five year monitoring period, a biologist shall evaluate the potential for long-term threat and determine if continued post-construction monitoring is necessary.
- 7) Resident/Recreational User Education. A post-construction education program shall be developed to advise residents living in proximity to conserved LBV habitat of the potential impacts to listed species from human activities and the potential penalties for taking such species. The program shall include, but not be limited to, information pamphlets and education displays at village or recreation centers and the community

park. Pamphlets shall be distributed to all residences in areas adjacent to conserved LBV habitat. At a minimum, the program shall include the following topics: occurrence of the listed and sensitive species in the area, their general ecology, sensitivity of the species to human activities, impacts from free-roaming pets (particularly domestic and feral cats), legal protection afforded these species, penalties for violation of the Federal and State laws, report requirements, and project features designed to reduce impacts to these species. (Mitigation Measure 4.6).

- A 22. Prior to the issuance of the first preliminary grading permit for areas adjacent to the NCCP Reserve, the landowner or subsequent project applicant shall provide letters from a USFWS/CDFG approved biologist. The letters shall state that these individuals have been retained by the landowner or subsequent project applicant, and that the consultant(s) will monitor all grading and other significant ground disturbing activities in or adjacent to areas of coastal sage scrub or NCCP Reserve areas. The consultant(s) shall monitor these activities to ensure that the landowner or subsequent project applicant complies with the NCCP/HCP Implementing Agreement (IA) which specifies measures that must be taken to minimize construction impacts to CSS during construction including:
- a. To the maximum extent practicable, no grading of CSS habitat that is occupied by nesting gnatcatchers will occur during the breeding season (February 15 through July 15). It is expressly understood that this provision and the remaining provisions of these "construction-related minimization measures," are subject to public health and safety considerations. These considerations include unexpected slope stabilization, erosion control measure and emergency facility repairs. In the event of such public health and safety circumstances, land owners or public agencies/utilities will provided USFWS/CDFG with the maximum practicable notice (or such notice as is specified in the NCCP/HCP) to allow for capture of gnatcatchers, cactus wrens, and any other CSS Identified Species that are not otherwise flushed and will carry out the following measures only to the extent as practicable in the context of the public health and safety considerations.
 - b. Prior to the commencement of grading operations or other activities involving significant soil disturbance, all areas of CSS habitat to be avoided under the provisions of the NCCP/HCP, shall be identified with temporary fencing or other markers clearly visible to construction personnel. Additionally, prior to the commencement of grading operations or other activities involving disturbance of CSS, a survey will be conducted to locate gnatcatchers and cactus wrens within 100 feet of the outer extent of projected soil disturbance activities and the locations of any such species shall be clearly marked and identified on the construction/grading plans.
 - c. A monitoring biologist, acceptable to USFWS/CDFG will be onsite during any clearing of CSS. The landowner or relevant public agency/utility will advise USFWS/CDFG at least seven calendar days (and preferably 14

calendar days) prior to the clearing of any habitat occupied by Identified Species to allow USFWS/CDFG to work with the monitoring biologist in connection with bird flushing capture activities. The monitoring biologist will flush Identified Species (avian or other mobile Identified Species) from occupied habitat areas immediately prior to brush-clearing and earth-moving activities. If birds cannot be flushed, they will be captured in mist nets, if feasible, and relocated to areas of the site to be protected or to the NCCP/HCP reserve system. It will be the responsibility of the monitoring biologist to assure that identified bird species will not be directly impacted by brush-clearing and earth-moving equipment in a manner that also allows for construction activities on a timely basis.

- d. Following the completion of initial grading/earth movement activities, all areas of CSS habitat to be avoided by construction equipment and personnel will be marked by the monitoring biologist with temporary fencing or other appropriate markers clearly visible to construction personnel. No construction access, parking, or storage of equipment will be permitted within such marked areas.
- e. In areas bordering the NCCP reserve system or Special Linkage/Special Management areas containing significant CSS identified in the NCCP/HCP for protection, vehicle transportation routes between cut-and-fill locations will be restricted to a minimum number during construction consistent with project construction requirements. Waste dirt or rubble will not be deposited on adjacent CSS identified in the NCCP/HCP for protection. Pre-construction meetings involving the monitoring biologist, construction supervisors and equipment operators will be conducted and documented to ensure maximum practicable adherence to these measures.
- f. CSS identified in the NCCP/HCP for protection and located within the likely dust drift radius of construction areas shall be periodically sprayed with water to reduce accumulated dust on the leaves as recommended by the monitoring biologist. (Mitigation Measure 4.7)

N/A 23. Prior to issuance of building permits within Planning Area 6, the landowner or subsequent project applicant shall submit, and the Director of Community Development shall have approved, a wildland interface brochure (to be obtained from The Nature Reserve of Orange County) to educate homeowners of the responsibilities associated with living at the wildland interface. The approved wildland interface brochure, along with its attachments, shall be included as part of the rental/lease agreements and as part of the sales literature for the project. The brochure shall address relevant issues, including the role of natural predators in the wildlands and how to minimize impacts of humans and domestic pets on native communities and their inhabitants. (Mitigation Measure 4.8)

S 24. Prior to the issue of the first building permit for Planning Area 6, the landowner or subsequent project applicant shall submit the plant palette for the fuel modification zone or landscape areas within 100 feet of the NCCP Reserve.

Invasive exotic plant species, listed on the California EPA list of exotic pest plants, shall be excluded from the described landscape zone to reduce the risk that these species will become established in the Reserve. The fuel modification zone shall include plants approved by the Orange County Fire Authority (OCFA). (Mitigation Measure 4.9)

- N/A 25. Prior to the issuance of permits for any grading activity that will impact jurisdictional riparian habitat or raptor nests during the period from March 15 to September 15 (the nesting season), including but not limited to, clearing, grubbing, mowing, discing, trenching, grading, fuel modification, agriculture planting activity and/or other related construction activity, a qualified biologist with appropriate resource agency permits shall survey the riparian habitat to be impacted for the presence of occupied nests and/or burrows. During the nesting season, the survey will be conducted 72 hours prior to clearing riparian vegetation. The survey results shall be submitted by the landowner or subsequent project applicant to the Director of Community Development. Any occupied nests/burrows found during survey efforts shall be mapped on the construction plans and protected by a buffer until nesting activity has ended. To protect any nest/burrow site, the following restrictions on construction activities are required during the nesting season (or until nest/burrows are no longer active as determined by a qualified biologist): 1) a buffer will be established a minimum of 200 feet in any direction from any occupied nest/burrow; 2) the buffer shall remain in place until the nest is no longer active or the young have fledged; 3) if the monitoring biologist determines that the nesting activities are being substantially disrupted by adjacent construction activity, USFWS/CDFG shall be notified and measures to avoid or minimize such impacts shall be developed in consultation with those agencies. The biologist will then remove the nest site or excavate the burrow site with hand tools or fill with soil so owls cannot return to burrow site. (Mitigation Measure 4.10)
- N/A 26. If improvements are proposed within CalTrans Right-of-Way, the landowner or subsequent project applicant shall have the appropriate plant and wildlife surveys completed by a qualified biologist. Official lists and databases shall be consulted for sensitive species such as the California Natural Diversity Database and lists provided by the U.S. Fish and Wildlife Service and the California Department of Fish and Game. Any impacts that affect waterways and drainages and/or open space during construction, or that occur indirectly as a result of the project, must be coordinated with the appropriate resource agencies. (NOTE: This is a standard condition requested by CalTrans with respect to all projects that may impact CalTrans rights-of-way. It was included in this EIR in recognition that this is a standard request by CalTrans. This condition is CalTrans' equivalent to Mitigation Measure 4.1.) (Mitigation Measure 4.11)
- A 27. To the extent practical, prior to issuance of grading permits within Planning Area 6, mature coastal sage scrub and cactus scrub will be salvaged and

translocated to potential restoration areas in adjacent preserved areas. Salvage and translocation activities will be coordinated with USFWS, CDFG, and The Nature Reserve of Orange County. (Mitigation Measure 4.12)

- A 28. Prior to issuance of grading permits within Planning Area 6, focused surveys for western spadefoot toads will be conducted in any potential breeding pools within the Planning Area 6 development area. If toads are found within the development areas of Planning Area 6, a spadefoot toad mitigation plan will be developed in coordination with USFWS and CDFG. The plan will quantify impacts to spadefoot toads and include provisions for the creation of spadefoot breeding pools in nearby Reserve lands as mitigation for impacts to toads in the development area. The nature and location of the proposed pools will be approved by the USFWS and CDFG prior to creation of pools. (Mitigation Measure 4.13)
- A 29. Prior to issuance of grading permits within Planning Area 6, focused surveys for Riverside fairy shrimp and San Diego fairy shrimp will be conducted within the Planning Area 6 development area including, to the extent necessary, in any man-made seasonal wetlands. If either shrimp is found within the development areas of Planning Area 6, a fairy shrimp mitigation plan will be developed in coordination with USFWS and CDFG. The plan will be consistent with the requirements of the NCCP/HCP Implementation Agreement and will include provisions for the creation of fairy shrimp breeding pools in nearby Reserve lands as mitigation for impacts to Riverside or San Diego fairy shrimp in the Planning Area 6 development area. The nature and location of the proposed pools will be approved by the USFWS and CDFG prior to creation of the pools. (Mitigation Measure 4.14)

Cultural Resources

- N/A 30. Although not a significant cultural resource, if development will adversely impact the small stone monument and plaque commemorating the Portola camp at Tomato Springs, the landowner or subsequent project applicant shall relocate the plaque to an open space area or park in the vicinity of the site. (Mitigation Measure 5.1)
- N/A 31. Prior to issuance of the first preliminary or precise grading permit, and for any subsequent permit involving excavation to increased depth, the landowner or subsequent project applicant shall provide evidence that an archaeologist and/or paleontologist have been retained by the landowner or subsequent project applicant, and that the consultant(s) will be present during all grading and other significant ground disturbing activities. These consultants shall be selected from the roll of qualified archaeologist and paleontologists maintained by the County of Orange. Should any cultural/paleontological resources be discovered, the monitor is authorized to stop all grading in the immediate area of the discovery, and shall make recommendations to the Director of

Community Development on the measures that shall be implemented to protect the discovered resources, including but not limited to excavation of the finds and evaluation of the finds in accordance with Section 15064.5 of the CEQA Guidelines. If the resources are determined to be “historic resources” at that term is defined under Section 15064.5 of the CEQA Guidelines, mitigation measures shall be identified by the monitor and recommended to the Director of Community Development. Appropriate mitigation measures for significant resources could include avoidance or capping, incorporation of the site in greenspace, parks or open space, or data recovery excavations of the finds. No further grading shall occur in the area of the discovery until the Director of Community Development approves the measures to protect these resources. Any paleontological or archaeological artifacts recovered as a result of mitigation shall be donated to a qualified scientific institution approved by the Director of Community Development where they would be afforded long term preservation to allow future scientific study. (Mitigation Measure 5.2)

- S 32. The EIR concludes that there are or may be significant archaeological resources within areas where ground disturbing activity is proposed by the Project. Therefore, prior to issuance of the first preliminary or precise grading permit for development within Planning Areas 5B, 6 and 9, the landowner or subsequent project applicant shall provide evidence that an archaeologist and/or paleontologist have been retained by the landowner or subsequent project applicant, and has conducted a site survey of the planning area at such time as all ground surfaces are visible after current uses are removed. If any sites are discovered, the archaeologist shall conduct surveys and/or test level investigations. Testing and evaluation may consist of surface collection and mapping, limited subsurface excavations, and the appropriate analyses and research necessary to characterize the artifacts and deposit from which they originated. Upon completion of the test level investigations, for sites are determined to be unique archaeological sites or historical resources as set forth in CEQA Guidelines Section 15064.5, the following measures shall be undertaken: the archaeologist shall submit its recommendations to, the landowner or subsequent project applicant and the Director of Community Development on the measures that shall be implemented to protect the sites.

Appropriate measures for unique archaeological resources or historical resources could include preservation in place through planning construction to avoid archaeological sites; incorporation of sites within parks, greenspace, or other open space; covering the archaeological sites with a layer of chemically stable soil before building tennis courts, parking lots, or similar facilities on the site or deeding the site into a permanent conservation easement. When data recovery through excavation is the only feasible mitigation, a data recovery plan, which makes provision for adequately recovering the scientifically consequential information from and about the historical resource, shall be prepared and adopted prior to any excavation being undertaken. Such studies shall be deposited with the California Historical Resources Regional Information

Center. Archaeological sites known to contain human remains shall be treated in accordance with the provisions of Section 7050.5 Health and Safety Code. To the extent these sites are not preserved in place, the archaeologist shall conduct a data recovery program, which shall include:

- a. Preparation of a research design for those sites determined to be “historical resources” or “unique archaeological resources” that cannot be avoided that describes the recommended field investigations and makes provisions for adequately recovering the scientifically consequential information from and about the “historical resource.”
- b. Conducting site excavations in accordance with the research design with an emphasis on obtaining an adequate sample for analysis within the limits of the research questions being addressed. Special studies such as pollen analyses, soil analyses, radiocarbon dating, and obsidian hydration dating should be conducted as appropriate.
- c. Monitoring of all field excavations by a Native American representative.
- d. Preparation of a final report of the Phase 3 data recovery work and submittal of the research design and final report to the South Central Coastal Information Center (SCCIC), and other agencies, as appropriate.
- e. Any archaeological artifacts recovered as a result of mitigation shall be donated to a qualified scientific institution approved by the Director of Community Development where they would be afforded long term preservation to allow future scientific study. (Mitigation Measure 5.3)

N/A 33. Prior to the issuance of any grading permit, the following note shall be placed on the cover sheet, and discussed at the pre-grade meeting: Fossils found by the owners of the property, their agents, contractors, or subcontractors during the development of the property, shall be reported immediately to the qualified paleontologic monitor. If significant fossils (those having potential to increase scientific knowledge; including all identifiable vertebrate remains) are encountered on the property during development the following mitigation procedures shall be implemented:

- a. The paleontologist retained for the project shall immediately evaluate the fossils which have been discovered to determine if they are significant and, if so, to develop a plan to collect and study them for the purpose of mitigation.
- b. The paleontologic monitor must be empowered to temporarily halt or redirect excavation equipment if fossils are found to allow evaluation and removal of them if necessary. The monitor should be equipped to speedily collect specimens if they are encountered.
- c. The monitor, with assistance if necessary, shall collect individual fossils and/or samples of fossil bearing sediments. If specimens of small animal species are encountered, the most time and cost efficient method of recovery is to remove a selected volume of fossil bearing earth from the grading area and screen wash it off-site.

- d. Fossils recovered during earthmoving or as a result of screen-washing of sediment samples shall be cleaned and prepared sufficiently to allow identification. This allows the fossils to be described in a report of findings and reduces the volume of matrix around specimens prior to storage, thus reducing storage costs.
- e. A report of findings shall be prepared and submitted to the public agency responsible for overseeing developments and mitigation of environmental impacts upon completion of mitigation. This report would minimally include a statement of the type of paleontologic resources found, the methods and procedures used to recover them, an inventory of the specimens recovered, and a statement of their scientific significance.
- f. The paleontological or archaeological specimens recovered as a result of mitigation shall be donated to a qualified scientific institution approved by the Director of Community Development where they would be afforded long term preservation to allow future scientific study. (Mitigation Measure 5.4)

A 34. The EIR concludes that there are or may be significant archaeological resources within areas where ground disturbing activity is proposed by the Project. Therefore, prior to issuance of the first preliminary or precise grading permit for development in Planning Area 6, each prehistoric site identified in Table 4-26 in Section 4.5.1 (including but not limited to, CR-ORA-244, known as the Tomato Springs site) and located within the project grading footprint must be tested and evaluated, following clearing and scraping activities. Testing and evaluation may consist of surface collection and mapping, limited subsurface excavations, and the appropriate analyses and research necessary to characterize the artifacts and deposit from which they originated. Upon completion of the test level investigations, for sites determined to be unique archaeological sites or historical resources as set forth in CEQA Guidelines Section 15064.5, the following measures shall be undertaken: the archaeologist shall submit its recommendations to, the landowner or subsequent project applicant and the Director of Community Development on the measures that shall be implemented to protect the sites. Appropriate measures for unique archaeological resources or historical resources could include preservation in place through planning construction to avoid archaeological sites; incorporation of sites within parks, greenspace, or other open space; covering the archaeological sites with a layer of chemically stable soil before building tennis courts, parking lots, or similar facilities on the site or deeding the site into a permanent conservation easement. When data recovery through excavation is the only feasible mitigation, a data recovery plan, which makes provision for adequately recovering the scientifically consequential information from and about the historical resource, shall be prepared and adopted prior to any excavation being undertaken. Such studies shall be deposited with the California Historical Resources Regional Information Center. Archaeological sites known to contain human remains shall be treated in accordance with the provisions of Section 7050.5 Health and Safety Code. To the extent these sites

are not preserved in place, the archaeologist shall conduct a data recovery program, which shall include:

- a. Preparation of a research design for those sites determined to be “historical resources” or “unique archaeological resources” that cannot be avoided that describes the recommended field investigations, and makes provisions for adequately recovering the scientifically consequential information from and about the “historical resource.”
- b. Conducting site excavations in accordance with the research design with an emphasis on obtaining an adequate sample for analysis within the limits of the research questions being addressed. Special studies such as pollen analyses, soil analyses, radiocarbon dating, and obsidian hydration dating should be conducted as appropriate.
- c. Monitoring of all field excavations by a Native American representative.
- d. Preparation of a final report of the Phase 3 work and submittal of the research design and final report to the South Central Coastal Information Center (SCCIC), and other agencies, as appropriate.
- e. Any archaeological artifacts recovered as a result of mitigation shall be donated to a qualified scientific institution approved by the Director of Community Development where they would be afforded long term preservation to allow future scientific study. These recommendations shall have been reviewed and approved by the Director of Community Development prior to issuance of the grading permit and prior to any surface disturbance on the project site. (Mitigation Measure 5.5)

S 35. Prior to issuance of the first preliminary or precise grading permit for development in Planning Area 6, each historic site listed in Table 4-27 of Section 4.5.1 must be evaluated to determine if the site is a “historical resource” as defined under Section 15064.5 of the CEQA Guidelines. Evaluations may include, but are not limited to, archival research, mapping and surface collection as warranted, photo-documentation, and subsurface excavation. If upon completion of the test level investigations, the sites are determined to be “historical resources,” the archaeologist shall submit its recommendations to the landowner or subsequent project applicant and the Director of Community Development on the measures that shall be implemented to protect the sites. Appropriate mitigation measures for “historical resources” could include preservation of the site through avoidance or capping, incorporation of the site in greenspace, parks or open space, data recovery excavations of the finds, or compliance with the Secretary of the Interior’s Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings (1995). To the extent these sites are not preserved in place, the archaeologist shall conduct a data recovery program which includes:

- a. Preparation of a research design for those sites determined to be “historical resources” that cannot be avoided that describes the recommended field investigations, and makes provisions for adequately recovering the

scientifically consequential information from and about the “historical resource.”

- b. Conducting site excavations in accordance with the research design with an emphasis on obtaining an adequate sample for analysis within the limits of the research questions being addressed. Special studies such as pollen analyses, soil analyses, radiocarbon dating, and obsidian hydration dating should be conducted as appropriate.
- c. Monitoring of all field excavations by a Native American representative.
- d. Preparation of a final report of the Phase 3 work and submittal of the research design and final report to the South Central Coast Information Center (SCCIC), and other agencies, as appropriate.
- e. Any archaeological or historical artifacts recovered as a result of mitigation shall be donated to a qualified scientific institution approved by the Director of Community Development where they would be afforded long term preservation to allow future scientific study. These recommendations shall have been reviewed and approved by the Director of Community Development prior to issuance of the grading permit and prior to any surface disturbance on the project site. (Mitigation Measure 5.6)

- A 36. In the event of the accidental discovery or recognition of any human remains in any location other than a dedicated cemetery, the following steps shall be taken:
- a. There shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie adjacent human remains until the Orange County Coroner is contacted to determine if the remains are prehistoric and that no investigation of the cause of death is required. If the coroner determines the remains to be Native American, then the coroner shall contact the Native American Heritage Commission within 24 hours, and the Native American Heritage Commission shall identify the person or persons it believes to be the most likely descended from the deceased Native American. The most likely descendent may make recommendations to the landowner or the person responsible for the excavation work, for means of treating or disposing of, with appropriate dignity, the human remains and any associated grave goods as provided in Public Resources Code Section 5097.98, or
 - b. Where the following conditions occur, the land owner or his authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity either in accordance with the recommendations of the most likely descendant or on the property in a location not subject to further subsurface disturbance:
 - 1) The Native American Heritage Commission is unable to identify a most likely descendent or the most likely descendent failed to make a recommendation within 24 hours of notification by the commission; or
 - 2) The descendant identified fails to make a recommendation; or

- 3) The landowner or his authorized representative rejects the recommendation of the descendant, and the mediation by the Native American Heritage Commission fails to provide measures acceptable to the landowner. (Mitigation Measure 5.7)

- N/A 37. Prior to the issuance of grading permits for development in Planning Area 9, a Phase II evaluation of the Valencia Growers Packing House shall be completed to provide a more detailed evaluation of the site in accordance with Section 15064.5 of the CEQA Guidelines. The Phase II evaluation will identify which criteria for eligibility for listing on the California Register of Historic Places the site meets, if any, and will include, as determined appropriate by the cultural resource investigator, information regarding the historical context of the Packing House, a review of relevant published literature and historical interpretation, documentary research (e.g., review of historical maps, land use records and historical archives); informant interviews (i.e., identify and interview "old timers"); and an architectural history analysis of the structure. If the Phase II evaluation determines that the Packing House is not a "historical resource" as defined by Section 15064.5, no further mitigation will be necessary. However, if the site is determined to be a "historical resource" as defined by Section 15064.5, the site shall be preserved within the Jeffrey Open Space Spine or relocated to another appropriate area (e.g., Old Town Irvine, Orange County Historical Park, etc.) for permanent preservation in compliance with the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings (1995). If further actions are proposed that may have a significant environmental effect on the Packing House site, additional environmental review would be required. (Mitigation Measure 5.8)
- S 38. Prior to the opening of the Implementation Districts "P," "Q," and "R" open space area for public use, a cultural resources reconnaissance shall be prepared by the City, by a qualified archaeologist, for the area within Implementation District "P," "Q," and "R." The archaeologist will identify and record all visible cultural resources and develop appropriate mitigation measures consistent with Mitigation Measure 5.2. (Mitigation Measure 5.9)
- N/A 39. If cultural remains are discovered within CalTrans Right-of-Way during excavation and/or construction activities, all earth moving activity within and around the site area must be diverted until a qualified CalTrans Archaeologist can assess the find. If human remains are discovered, State Health and Safety Code Section 7050.5 states that disturbances and activities shall cease. The County Coroner must be notified of the find immediately and the project proponent must comply with the requirements of Public Resources Code Section 5097.98. (NOTE: This is a standard condition requested by CalTrans with respect to all projects that may impact CalTrans rights-of-way. It was included in this EIR in recognition that this is a standard request by CalTrans.) (Mitigation Measure 5.10)

- N/A 40. A Historic American Buildings Survey (HABS) outline format narrative description of the property, contemporary and historic photographs, and other relevant documentation shall be prepared by an historic consultant approved by the City. Prior to issuance of the demolition permit for the subject property, the report shall be submitted for approval to the City of Irvine Director of Community Development and the Director of Community Services, and an approved original shall be deposited in the Irvine Branches of the Orange County Public Library (or other suitable repository as determined by the Directors of Community Development and Community Services). (Mitigation Measure 1.1, NS Supplemental EIR)
- N/A 41. Prior to the issuance of building permits for the segment of the Jeffrey Open Space Spine in Planning Area 9, a historic depiction program shall be developed by the City and shall be included in the building plans for the project site, depicted in the general location of the packing house. The program to be installed on site shall describe the packing house history, contribution to the citrus industry, and regional history, and include a graphic depiction of the building. (Mitigation Measure 1.2, NS Supplemental EIR)

Geology / Soils

- A 42. The City of Irvine has a number of existing codes and policies, which are implemented through the regular subdivision process that will serve to mitigate the impacts of the proposed project. Current codes and policies relating to geology and soils are as follows:
- a. Revegetation of cut and fill slopes shall be required in accordance with the City of Irvine Grading and Excavation Code.
 - b. All grading operations will be conducted in conformance with applicable City of Irvine Grading Ordinance, the most recent version of the Uniform Building Code for Seismic Zone 4, and consistent with recommendations included in the Northern Sphere's geologic reports entitled "Revised Preliminary Geotechnical Investigation for Planning Purposes, Planning Area I-5, City of Irvine, County of Orange, California," "Preliminary Geotechnical Investigation and Planning Study for Conceptual Design, Planning Area I-6, City of Irvine Sphere of Influence County of Orange, California," and "Report of Geotechnical Feasibility Study for Planning Areas I-08A and I-09A, City of Irvine, California" (Appendix H). (Mitigation Measure 6.1)
- N/A 43. Detailed geotechnical investigations for each Tentative Tract Map ("B" Map) shall be submitted with engineered grading plans to further evaluate faults, subsidence, slope stability, settlement, foundations, grading constraints, potential for liquefaction and other soil engineering design conditions. (Mitigation Measure 6.2)
- N/A 44. All grading and earthwork shall be performed under the observation of a registered Geotechnical Engineer in order to achieve proper sub-grade

preparation, selection of satisfactory materials, and placement and compaction of all structural fill. (Mitigation Measure 6.3)

- A 45. Prior to the issuance of grading permits for individual planning areas, proposed cut and fill slopes shall be evaluated for stability. The hillside areas shall be evaluated on a site-by-site basis to assess the gross and surficial stability and the potential impacts to the development. If these hillsides have adverse bedding conditions, shear keys or buttresses will be constructed to stabilize the hillside. (Mitigation Measure 6.4)
- N/A 46. The oversize rock produced from the excavation of hard bedrock shall be placed in deeper fill areas in accordance with the grading and earthwork specifications presented in the geotechnical reports and the City of Irvine and County of Orange Grading Specifications. (Mitigation Measure 6.5)
- A 47. The abandonment of the septic tanks, leach field, and seepage pits, if encountered during grading, shall be performed in accordance with the Orange County Health Care Agency requirements, and in compliance with a removal permit issued by the City of Irvine. These structures shall be removed from the upper 10 feet from finish grade and disposed of offsite. The structures shall be properly abandoned below this depth. (Mitigation Measure 6.6)
- N/A 48. Prior to the issuance of grading permits for Planning Area 6, proposed grading sites shall be evaluated for erosion potential. If the sites have adverse erosion conditions:
- a. The areas shall be capped with an appropriately cohesive fill material;
 - b. Cut slopes shall be provided with replacement fills containing appropriate cohesive materials; and/or
 - c. Erosion protections, such as polymer coatings, jute matting, geotextiles, or gunite V-ditches shall be placed on the surface of the soils. (Mitigation Measure 6.7)

Hazards / Hazardous Materials

- N/A 49. Subdivision maps and site-specific development projects within Planning Area 6 shall be submitted by the landowner or subsequent project applicant to OCFA for review to ensure compliance with the Orange County Fire Authority's "General Guidelines for Development Within & Exclusion from Very High Fire Severity Zones," "Guidelines for Fire Authority Emergency Access (Gates and Barriers)," "Guidelines for Fuel Modification Plans and Maintenance," and "Guidelines for Fire Apparatus Access Roads and Fire Lane Requirements." (Mitigation Measure 7.1)
- N/A 50. Prior to approval of tentative subdivision maps and site-specific development projects within the Northern Sphere Area, the landowner or subsequent project applicant shall submit evidence demonstrating compliance with all applicable

OCFA and/or City of Irvine conditions of approval for development projects within a High Fire Hazard Zone. (Mitigation Measure 7.2)

- S 51. Prior to issuance of grading permits for each Planning Area, the DEIR Environmental Site Assessments (ESAs) will be updated. If actual or potential impacts are identified by the Phase I Update, a Phase II ESA will be completed for the Planning Area by the landowner or subsequent project applicant and the results will be submitted to the Community Development Department. During the Phase II ESA, samples from potential areas of concern will be collected and submitted for laboratory analysis to confirm the nature and extent of potential impacts. If hazardous materials are identified during the site assessments, the appropriate response/remedial measures will be implemented in accordance with, the Remediation Procedures Report, The Irvine Final Risk Report, the Summary of Environmental Services, General Electric/Energy and Environmental Resources Facility, and the directives of the OCHCA and/or the Regional Water Quality Control Board (RWQCB), as appropriate. If soil is encountered during site development that is suspected of being impacted by hazardous materials, work will be halted and site conditions will be evaluated by a qualified environmental professional. The results of the evaluation will be submitted to OCHCA and/or RWQCB, and the appropriate response/remedial measures will be implemented, as directed by OCHCA, RWQCB, or other applicable oversight agency, until all specified requirements of the oversight agencies are satisfied and a no-further-action status is attained. (Mitigation Measure 7.3)
- A 52. Prior to issuance of a grading permit or a demolition permit, an asbestos survey of irrigation pipes and/or on-site buildings shall be conducted and submitted to the Community Development Department by the landowner or subsequent project applicant. If the materials are found to contain asbestos fibers, demolition shall be conducted in accordance with the remediation and mitigation procedures detailed in Remediation Procedures Report, and in accordance with federal, state and local law. Buildings constructed prior to 1973 shall be screened for lead-based paint prior to demolition. If lead-based paint is identified, it shall be mitigated in accordance with the procedures set forth in the Remediation Procedures Report. (Mitigation Measure 7.4)
- A 53. Prior to issuance of grading permits for each planning area, the landowner or subsequent project applicant shall submit evidence to the Community Development Department that all ASTs and USTs have been removed in accordance with existing standards and regulations and under the oversight of OCHCA. The process for AST/UST removal is detailed in the AST/UST Removal Report and Remediation Procedures Report. Soil samples from areas where storage tanks have been removed shall be analyzed for hydrocarbons including gasoline and diesel in accordance with procedures set forth in AST/UST Removal Report and Remediation Procedures Report and as directed by OCHCA. If hydrocarbons are identified in the soil, the appropriate

response/remedial measures will be implemented as directed by OCHCA or other appropriate agency until all specified requirements of the oversight agencies are satisfied and a no-further-action status is attained. (Mitigation Measure 7.5)

A 54. If septic tanks and associated leach fields are identified prior to issuance of grading permits or encountered during site development, the landowner or subsequent project applicant shall obtain a removal permit from the City of Irvine and excavate the septic tank and leach field in accordance with the procedures described in the Remediation Procedures Report, and as directed by City inspectors. If soil contamination is encountered, OCHCA will be notified and the appropriate response/remedial measures will be implemented as directed by OCHCA or other appropriate agency until all specified requirements of the oversight agencies are satisfied and a no-further-action status is attained. Clean, imported backfill shall be utilized to replace the void created by the removed septic tank and leach field as described in Remediation Procedures Report. (Mitigation Measure 7.6)

N/A 55. Prior to issuance of the Demolition Permit for the Packing House, the developer shall demonstrate compliance with SCAQMD Rule 1403. (Mitigation Measure 2.1, NS Supplemental EIR)

Hydrology

N/A 56. Prior to the issuance of grading permits, the landowner or subsequent project applicant shall submit for approval to the State Water Resources Control Board, a Notice of Intent to be covered under the Storm Water Permit. Additionally, the project proponent shall prepare a SWPPP which will:

- Require implementation of Best Management Practices (BMPs) so as to prevent a net increase in sediment load in storm water discharges relative to preconstruction levels;
- Prohibit during the construction period discharges of storm water or non-storm water at levels which would cause or contribute to an exceedance of applicable water quality standards contained in the Basin Plan;
- Discuss in detail the BMPs planned for the project related to control of sediment and erosion, non-sediment pollutants, and potential pollutants in non-storm water discharges;
- Describe post-construction BMPs for the project;
- Explain the maintenance program for the project's BMPs;
- During construction, require reporting of violations to the Regional Board; and
- List the parties responsible for SWPPP implementation and BMP maintenance during and after grading. The project proponent shall implement the SWPPP and will modify the SWPPP as directed by the Storm Water Permit. (Mitigation Measure 8.1)

- N/A 57. Prior to issuance of precise grading permits, the landowner or subsequent project applicant shall develop a WQMP in accordance with the requirements of the MS4 Permit and the DAMP and shall submit the WQMP for review to the City. The City shall approve the WQMP prior to the granting of the precise grading permit for the proposed development. In accordance with the DAMP, the WQMP shall:
- Describe the routine and special post-construction BMPs to be used at the proposed development site (including both structural and non-structural measures);
 - Describe responsibility for the initial implementation and long-term maintenance of the BMPs;
 - Provide narrative with the graphic materials as necessary to specify the locations of the structural BMPs; and
 - Certify that the project proponent will seek to have the WQMP carried out by all future successors or assigns to the property. Detailed information about process for identifying BMPs is included in the Water Quality Assessment Technical Appendix. (Mitigation Measure 8.2)
- N/A 58. If any construction activity falls within CalTrans Right-of-Way, an Encroachment Permit shall be required. The landowner or subsequent project applicant must submit a copy of the Storm Water Pollution Prevention Plan (SWPPP) prior to construction. If a SWPPP is not required for the project, the landowner or subsequent project applicant shall prepare and submit a Water Pollution Management Program (WPMP) pursuant to CalTrans Standard Specifications and "CalTrans Storm Water Quality Handbook, Construction Contractors Guide and Specifications." All activities within CalTrans rights-of-way must fully conform to the CalTrans Statewide NPDES Permit Number CAS000003 (Order No. 99-06-DWQ). (Mitigation Measure 8.3)
- N/A 59. Prior to the release of a final map by the City, the landowner or subsequent project applicant shall construct, or enter into an agreement and post security, in a form and amount acceptable to the City Engineer, guaranteeing the construction of the following public and/or private improvements in conformance with applicable City standards and the City's Capital Improvement Policy: Storm drain facilities, including detention basins, in accordance with the approved Drainage Concept Plan. (Mitigation Measure 8.4)
- N/A 60. Prior to the approval of improvement plans for the Central Irvine Channel (Trabuco Channel) the applicant shall submit a study, for approval by the Director of Public Works, identifying the applicant's fair share responsibility in improving the channel. Additionally, the City shall use its best efforts to secure funding to pay for its fair share of required improvements. However, if the City is unable to obtain funding for all or a portion of its fair share, the applicant will be responsible for the completion of all required channel improvements, including the City's fair share. In the event that the City is unable to fund its fair share, the

City and the applicant shall enter into an agreement to establish a mechanism by which the applicant will receive equivalent credit towards other public works projects. (Mitigation Measure 8.5)

N/A 61. Prior to the issuance of precise grading permits, the applicant [landowner or subsequent project applicant] shall submit a groundwater survey of the affected portion of the site. The analysis shall be prepared by a geotechnical engineer versed in groundwater analysis and shall include the following information and analysis:

- a. Potential for perched groundwater intrusion into the shallow groundwater zone upon buildout.
- b. Analysis for relief of groundwater buildup and properties of soil materials onsite.
- c. Impact of groundwater potential on building and structural foundations.
- d. Proposed mitigation to avoid potential for groundwater intrusion within five feet of the bottom of the footings.

Prior to the discharge of any wastewaters from dewatering activities, the landowner or subsequent project applicant shall submit for approval to the Regional Water Quality Control Board, a Notice of Intent to be covered under the De Minimus permit (or its equivalent). The landowner or subsequent project applicant shall comply with the De Minimus permit, including its notification and monitoring requirements for any wastewaters from dewatering activities that will be discharged from the project site. (Mitigation Measure 8.6)

A 62. Prior to the issuance of a precise grading permit, the landowner or subsequent project applicant shall furnish to the City Engineer documentation required by the Federal Emergency Management Agency (FEMA) for revision to the FIRM and Flood Insurance Study (FIS), including additional data as required by FEMA. The landowner or subsequent project applicant shall pay all preliminary and subsequent fees as required by FEMA. (Mitigation Measure 8.7)

N/A 63. Prior to the issuance of preliminary or precise grading permits, the landowner or subsequent project applicant shall provide the City Engineer with evidence that a Notice of Intent (NOI) has been filed with the State Water Resources Control Board. Such evidence shall consist of a copy of the NOI stamped by the State Water Resources Control Board or the Regional Water Quality Control Board, or a letter from either agency stating that the NOI has been filed. (Mitigation Measure 8.8)

N/A 64. Prior to the issuance of precise grading permits, the landowner or subsequent project applicant shall submit, and the Director of Community Development shall have approved, a Water Quality Management Plan (WQMP). The WQMP shall identify the Best Management Practices (BMPs) that will be used on the site to control predictable pollutant runoff. (Mitigation Measure 8.9)

- N/A 65. This development includes land within a Special Flood Hazard Area (SFHA) subject to inundation according to the Flood Insurance Rate Map (FIRM). Prior to the issuance of building permits on any lot or parcel located wholly or partially within the SFHA, a National Flood Insurance Program (NFIP) Elevation Certificate shall be submitted in accordance with the requirements of the NFIP and shall have been reviewed and approved by the City Engineer. The elevation certificate shall be on a Federal Emergency Management Agency (FEMA) form. If a nonresidential building is being floodproofed, then a FEMA Floodproofing Certificate must be completed and submitted in addition to the elevation certificate. The project proponent will include as part of the project design the Project Design Features described in 8.11, 8.12 and 8.13 that will further improve the quality of storm water runoff from developed areas of the site. (Mitigation Measure 8.10)
- N/A 66. Construction of the following improvements to the existing Marshburn Retarding Basin shall commence prior to issuance of the first occupancy permit for any residence (except a model home) in Planning Area 6: the existing Marshburn Retarding Basin shall be modified provide a water quality pool of 79 acre-feet, which shall at a minimum treat over a 24-hour period the volume of runoff produced by a 24-hour, 85th percentile storm event (runoff from a 0.75 inch storm) from approximately 1955 acres in Planning Area 6, which constitutes approximately 50 percent of the development area; and, to treat low flows, the Marshburn Retarding Basin shall also include a natural water quality treatment BMP. (Mitigation Measure 8.11)
- N/A 67. Construction of the following improvements to the existing Trabuco Retarding Basin shall commence prior to issuance of the first occupancy permit for any residence (except a model home) in Planning Area 9: the existing Trabuco Retarding Basin shall be modified to provide a water quality pool of approximately 76 acre-feet, which will at a minimum treat over a 24-hour period the volume of runoff produced by a 24-hour 85th percentile storm event (runoff from a 0.75 inch storm) from approximately 1523 acres (1277 acres in Planning Area 9 and 246 acres in Planning Area 5B), which constitutes approximately 40 percent of the development area; and, to treat low flows, the Trabuco Retarding Basin shall also include a natural water quality treatment BMP. 8.12 For the remaining ten percent of the development area (those areas that are not tributary to the Trabuco Retarding Basin and Marshburn Retarding Basin, and which shall be developed), prior to issuance of the first occupancy permit for any residence (other than a model home) installation of the following BMPs shall commence: BMPs that achieve similar performance per National BMP Database ratings as catch basin inserts, and that are designed to infiltrate, filter or treat the volume of runoff produced by either (a) a 24-hour, 85th percentile storm event (0.75 inch), or (b) the maximum flow rate of runoff produced by a rainfall intensity of 0.2 inch of rainfall per hour. (Mitigation Measure 8.12)

- S 68. The project is expected to have a less-than-significant impact on surface water quality, as discussed above, and accordingly no water quality mitigation measures are required under CEQA. The project proponent nonetheless proposes to include as part of the project a PDF to improve the quality of storm water runoff and low flows from developed areas of the site. Accordingly, as a monitoring device to ensure the PDF is implemented, the following identification of the PDF shall be included in the Mitigation Monitoring Reporting Program for this project: Prior to issuance of the first occupancy permit for any residence (except a model home) for PA 6, commence construction of a water quality pool of 79 acre-feet in the Marshburn Retarding Basin. Prior to issuance of the first occupancy permit for any residence (except a model home) for PA 9, commence construction of a water quality pool of approximately 76 acre-feet in the Trabuco Retarding Basin. For the remaining 10 percent of the development area (those areas that are not tributary to the Trabuco and Marshburn Retarding Basins, and which will be developed), prior to issuance of the first occupancy permit for any residence (other than a model home) commence installation of BMPs that achieve performance similar to catch-basin inserts. (Mitigation Measure 8.13)
- N/A 69. Prior to issuance of any building permit, the landowner or subsequent project applicant shall complete, and submit to the Department of Public Works, a hydrology and hydraulics report to ensure the final development conforms to the proposed drainage patterns and flow rates shown in the FCMPSDC. The final pad layout and street locations along with final onsite storm drain design shall be verified with more refined flow rates and pipeline layouts, to the satisfaction of the City Engineer. (Mitigation Measure 8.14)
- A 70. The landowner or subsequent project applicant shall participate on a fair-share basis in the construction of the improvements necessary, as determined by the City, to address deficiencies in the downstream drainage system, in conjunction with the approval of the first final map for the project. (Mitigation Measure 8.15)
- N/A 71. Any runoff draining into CalTrans Right-of-Way from construction operations or from the resulting project must fully conform to the current discharge requirements of the Regional Water Quality Control Board to avoid impacting water quality. Measures must be incorporated to contain all vehicle loads and avoid any tracking of materials, which may fall or blow onto CalTrans roadways or facilities. (NOTE: This is a standard mitigation measure requested by CalTrans, and is included for that purpose.) (Mitigation Measure 8.16)

Land Use

- A 72. The proposed project shall be designed in accordance with all relevant development standards and regulations set forth by the adopted Zone Change. (Mitigation Measure 9.1)

- N/A 73. Each tentative tract map ("B" Map) shall incorporate appropriate buffers as determined by the adopted zoning between residential neighborhoods and Medical and Science uses within Planning Area 9 including walls, landscaping, and/or berms. (Mitigation Measure 9.2)

Noise

- N/A 74. Prior to the issuance of building permits for each structure or tenant improvement other than a parking structure, the landowner or subsequent project applicant shall submit a final acoustical report prepared to the satisfaction of the Director of Community Development. The report shall show that the development will be sound-attenuated against present and projected noise levels, including roadway, aircraft, helicopter and railroad, to meet City interior and exterior noise standards. The final acoustical report shall include all information required by the City's "Acoustical Report Information Sheet" (form 42-48). In order to demonstrate that all mitigation measures have been incorporated into the project, the report shall be accompanied by a list identifying the sheet(s) of the building plans which include the approved mitigation measures. (Mitigation Measure 10.1)
- N/A 75. Prior to issuance of grading permits, the landowner or subsequent project applicant shall incorporate the requirements of the Noise Ordinance as a note on the grading plan cover sheet, for review and approval by the Director of Community Development. Section 6-8-205 limits construction related activities to the hours of 7 a.m. to 7 p.m. on Monday through Friday, and between 9 a.m. and 6 p.m. on Saturday, and prohibits work on Sundays and holidays, unless prior approval is received from the City of Irvine. In addition, the Noise Ordinance requirements shall be discussed at the pre-grade meeting, and implemented during construction. (Mitigation Measure 10.2)
- N/A 76. Prior to issuance of each grading permit, the landowner or subsequent project applicant shall incorporate the following measures as a note on the grading plan cover sheet to ensure that the greatest distance between noise sources and sensitive receptors during construction activities has been achieved. This language shall be approved by the Director of Community Development.
- a. Construction equipment, fixed or mobile, shall be maintained in proper operating condition with approved noise mufflers.
 - b. Construction staging areas shall be located away from off-site receptors and occupied buildings on site during the later phases of project development.
 - c. Stationary equipment shall be placed such that emitted noise is directed away from residential areas to the greatest extent feasible.
 - d. Construction access routes shall be selected to minimize truck traffic near existing residential uses where reasonably feasible. (Mitigation Measure 10.3)
- A 77. Prior to issuance of the building permit for the 3,750th residence, or sooner if updated noise studies submitted with the updated traffic studies required to be

submitted pursuant to Mitigation Measure 14.5, demonstrate that the noise thresholds have been exceeded, a noise barrier shall be constructed on the west side of Jeffrey Road between Irvine Boulevard and Bryan Avenue that will reduce future worst-case with project noise levels to below 65 CNEL at existing residential areas. Prior to construction of the wall a detailed study should be performed by a qualified acoustical consultant to determine the specific height and location of the noise barrier required to reduce future worst-case with project noise levels to below 65 CNEL. This study shall be submitted to and approved by the City prior to construction of the noise barrier. (NOTE: The time and occupancy of the 3750th residence was identified as the point at which the noise increases due to the project will become substantial enough to require construction of the noise barrier based upon projected traffic volume increases between 2007 and 2025 and the number of residential units developed during this time period). (Mitigation Measure 10.4)

N/A 78. Any specific uses that are capable of generating significant noise shall be located away from existing or future residential areas. Prior to the issuance of building permits for each planning area, detailed noise studies shall be required for any potentially noise generating uses as determined by City staff. These studies shall describe the noise levels generated by the use and show compliance with the City's Noise Ordinance Standards. (Mitigation Measure 10.5)

N/A 79. If, at the time of building permit issuance, a commercial airport at MCAS El Toro is still a potential land use, the landowner or subsequent project applicant shall submit a single event noise analysis to the Director of Community Development for review and approval. The noise analysis shall demonstrate that the City's single event noise standard can be met. The City's single event noise standard requires that the maximum interior noise levels of the loudest 10% of single noise events [L_{max}(10)] for noise sensitive land uses within the 60 CNEL of aircraft and railroad noise sources shall not exceed 65 dBA between 7 a.m. and 7 p.m. nor 55 dBA between 7 p.m. and 7 a.m. for typical occupancy. Typical building upgrades would usually consist of a high-quality double pane windows, noise baffles for the attic vents, and an extra layer of gypsum board drywall for portions of walls that have a wood siding (stucco without extra drywall would be adequate). The level of attenuation needed is achievable with common noise insulation practices. The exact noise insulation features would be spelled out in a noise analysis required by the City prior to the issuance of building permits. (Mitigation Measure 10.6)

Public Services

N/A 80. The landowner or subsequent project applicant shall comply with all applicable OCFA codes, ordinances, and standard conditions regarding fire prevention/suppression measures, relating to water improvement plans, fire

hydrants, automatic fire extinguishing systems, fire access, gates, combustible construction, water availability, fire sprinkler system. (Mitigation Measure 12.1)

N/A 81. Prior to the release of a final map by the City, all fire protection access easements shall be approved by the Orange County Fire Authority and irrevocably dedicated in perpetuity to the City. (Mitigation Measure 12.2)

S 82. Prior to the release of the first final map (except for financing and conveyance purposes) for each planning area by the City, the landowner or subsequent project applicant shall submit evidence of a secured fire protection agreement with the OCFA to mitigate adverse impacts of the project on the OCFA. Such an agreement may include participation on a pro-rata basis in funding capital improvements necessary to establish adequate fire protection facilities, apparatus and equipment to serve the project. (Mitigation Measure 12.3)

N/A 83. Tentative tract map and master plan applications shall be prepared in accordance with the Uniform Security Code, specifically the site planning guidelines referred to as Crime Prevention Through Environmental Design (CPTED). These guidelines are intended to optimize the ability of the Police Department to respond quickly and effectively to calls for assistance and also to incorporate crime prevention measures into the design of future homes. Examples of such measures include minimizing vegetation or structural screening that could obstruct visibility into private homes or yards by passing patrol units, and installation of special locks and/or electronic security devices. (Mitigation Measure 12.4)

A 84. Prior to issuance of building permits, mitigation of school impacts will be achieved by either payment of school fees established by SB 50, or execution by IUSD and TIC of a Facility and Financing Supplement to the 1985 Mitigation Agreement. (Mitigation Measure 12.5)

Recreation

S 85. Concurrent with submittal of the first residential tract map for each planning area within the Northern Sphere Area, the landowner or subsequent project applicant shall submit a park plan for private and public parks and trails to be provided throughout that planning area in the Northern Sphere Area. This plan shall satisfy all standards of the City's Subdivision Ordinance relative to parks and trails locations, sizes and design criteria, and shall be based upon the actual individual project densities proposed for all housing projects. (Mitigation Measure 13.1)

N/A 86. This development necessitates the construction of public and/or private infrastructure improvements. Prior to the release of a final map by the City, the landowner or subsequent project applicant shall construct, or enter into an agreement and post security, in a form and amount acceptable to the City

Engineer, guaranteeing the construction of riding, hiking and bicycle trails adjacent to or through the project site, in conformance with applicable City standards and the City's Capital Improvement Policy. (Mitigation Measure 13.2)

- A 87. This development includes land that encompasses or lies within an Open Space Implementation Action Program District as shown on the City's General Plan and Zoning Ordinance. Prior to the release of a final map by the City, the landowner or subsequent project applicant shall submit an irrevocable offer of dedication for the preservation open space lot and/or easement, as required by the City's Phased Dedication and Compensating Development Opportunities Program. A copy of the irrevocable offer shall be submitted to both the City Engineer and the Director of Community Development. The irrevocable offer of dedication for the preservation open space lot and/or easement shall be prepared to the satisfaction of the Director of Community Development, the City Engineer, and the City Attorney. The offer shall be recorded with filing of the final map. (Mitigation Measure 13.3)
- N/A 88. This development includes public trails which the City Engineer may permit to be recorded separately from the final map. Prior to the issuance of the first precise grading permit, the landowner or subsequent project applicant shall submit to the City Engineer and the Director of Community Services all documents ready for recording of such easements. (Mitigation Measure 13.4)
- A 89. Prior to the approval of the Tentative Tract Map, the landowner or subsequent project applicant shall submit a conceptual design for the detention basins, drainage facilities, and water treatment facilities if they are located within the open space that includes a habitat/recreation/open space compatibility element. Final conceptual design of the habitat/recreation/open space compatibility element for the detention basins shall be subject to the approval of the Director of Community Services. All such facilities which are located on land that is ultimately to be owned by the City shall be required to obtain review and approval by the Director of Community Services during Public Facility Design. (Mitigation Measure 13.5)
- S 90. Prior to approval of the first residential Tentative Tract Map within each planning area, the landowner or subsequent project applicant shall submit a Master Trails Plan which addresses public and private trails and linkages, public view points, public access points to the open space, signage, and construction phasing of trails for that planning area. The Master Trails Plan shall specify trail locations and types, ownership and maintenance, and a phasing plan for construction of trails. The Master Trails Plan shall be submitted for review and comment by the County of Orange and Community Services Commission and approved by the Planning Commission. (Additional Mitigation Measures) (NOTE: The Planning Commission's approval of the Master Trails Plan must be accompanied by findings that the Plan is in conformance with the City's General Plan.) (Mitigation Measure 13.6)

- N/A 91. In conjunction with the submittal of master tentative tract map(s) for areas adjacent to the Jeffrey Open Space Spine, the landowner or subsequent project applicant shall submit for review, to the satisfaction of the Director of Community Development, Director of Community Services and the City Attorney, in the form of an irrevocable offer of dedication to the City of Irvine for the Jeffrey Open Space Spine. The Jeffrey Open Space Spine shall be identified on said master tentative tract map as lettered lots. The irrevocable offer of dedication shall then be accepted by the City and recorded in conjunction with the recordation of the final tract map(s) containing open space lots. (Mitigation Measure 13.7)
- N/A 92. Prior to the release of a final map by the City for Planning Area 9, and consistent with approved zoning, the landowner or subsequent project applicant shall be required to submit for the review and approval of the Community Development Department and Community Services Department a conceptual plan for the Jeffrey Open Space Spine, including descriptions of types of trails, landscape elements and special design features. (Mitigation Measure 13.8)
- N/A 93. Post-construction signage, fencing, vegetative barriers, appropriate site planning or other effective measures shall be taken to discourage human entry associated with project development into preserve open space areas located adjacent to parks where active park use are planned. (Mitigation Measure 13.9)

Transportation / Circulation

- N/A 94. This project necessitates the construction of public and/or private infrastructure improvements. Prior to the issuance of preliminary or precise grading permits, the landowner or subsequent project applicant shall construct, or enter into an agreement and post security, in a form and amount acceptable to the City Engineer, guaranteeing the construction of the following public and/or private improvements, in conformance with applicable City standards and the City's Capital Improvement Policy. Street improvements include, but are not limited to: pavement, curb and gutter, medians, sidewalks, drive approaches, street lighting, signing, striping as follows:
- a. Traffic signal systems, interconnect and other traffic control and management devices as required by applicable City standards;
 - b. Storm drain facilities;
 - c. Subdrain facilities;
 - d. Landscaping and computerized irrigation control system (for all public streets, parks and public areas);
 - e. Sewer, reclaimed and/or domestic water systems, as required by the appropriate sewer and water districts as well as the Orange County Fire Authority when appropriate;
 - f. Riding, hiking and bicycle trails adjacent to or through the project site;
 - g. Undergrounding of existing overhead and proposed utility distribution lines; and

h. Transit-related improvements depicted on the approved tentative map.
(Mitigation Measure 14.1)

- S 95. Prior to the issuance of building permits for the adjacent planning area, the landowner or subsequent project applicant shall dedicate the required right-of-way and construct or bond for roadway improvements to City of Irvine Master Plan of Arterial Highways (MPAH) standards for Bryan Avenue, Jeffrey Road, Sand Canyon Avenue, Portola Parkway, Irvine Boulevard and Trabuco Road, as identified in the project traffic study (Austin-Foust, Nov. 2001) and supplemental traffic study (Austin-Foust, Mar. 2002). (Mitigation Measure 14.2)
- N/A 96. Prior to the release of the Final Map for Planning Area 9 and/or Planning Area 8A by the City, the landowner or subsequent project applicant shall coordinate with the City of Tustin and shall participate in the ATMS Program at the Jamboree Road/El Camino Real, Tustin Ranch Road/Irvine Boulevard, Red Hill Avenue/Irvine Boulevard, Jamboree Road/Irvine Boulevard and Jamboree Road/Edinger Avenue intersections. (Mitigation Measure 14.3)
- N/A 97. Prior to recordation of each final map for the project, the landowner or subsequent project applicant shall apply for annexation of any non-residential areas (except institutional areas within the project and except community commercial in Planning Area 6) within such final map area to the Irvine Spectrum Transportation Management Association (Spectrumotion) in accordance with Article X of the recorded Declaration of Covenants, Conditions and Restrictions (CC&Rs) for Spectrumotion including any supplementary and amended CC&Rs. The purpose of this mitigation measure is to reduce traffic, air quality and noise impacts. Should annexation into Spectrumotion not be approved, the landowner or subsequent project applicant shall develop and implement a similar transportation management plan containing the elements and meeting the criteria described below:

Transportation Management Plan

The development and implementation of a Transportation Management Plan is an identified mitigation measure to manage transportation access for the Northern Sphere Project. This document summarizes the key elements of the Transportation Management Plan.

1.0 Introduction

The purpose of this document is to provide an outline for a comprehensive Transportation Management Plan (TMP) for the Northern Sphere. This report is not intended to provide the specific details of the plan, but rather to highlight the key components and provide direction for subsequent detailed planning and implementation activities. When preparation of the TMP is undertaken, all of the agency and stakeholders will be invited to provide input.

It is the intent to annex the Northern Sphere non-residential area (except institutional areas and community commercial in Planning Area 6) into the Irvine Spectrum Transportation Management Association (Spectrumotion). Spectrumotion is a private, non-profit Transportation Management Association (TMA) formed to reduce traffic congestion in Irvine Spectrum. It currently serves approximately 55,000 employees and is projected to grow to 120,000 employees within this employment area, not including the North Irvine Sphere. Spectrumotion promotes, markets and subsidizes alternatives to solo-commuting and assists the business community in complying with trip reduction related requirements. Membership is mandatory to property owners with deed restrictions requiring participation in the TMA. Membership dues provide the funding for the Association and its programs, which offer a variety of employer and commuter services focused on reducing vehicular trip generation. In the event that annexation of the Northern Sphere into Spectrumotion is not approved, a Transportation Management Plan similar to that provided by Spectrumotion will be implemented. This document sets forth the components of this TMP should it become necessary.

2.0 Transportation Management Plan Framework

The key elements of a Northern Sphere Transportation Management Plan are set forth below:

- New Hire Orientation. Inform newly hired employees of available commuting services available to them.
- Public Transportation Pass Sales. Provide a central location for purchase of passes to available transit services (i.e., OCTA buses, Metrolink, Amtrak, etc.).
- Van Pool and Car Pool Formation Assistance. Perform all of the administrative work necessary to establish van pools and car pools.
- On-Site Promotions. Hold rideshare promotions at work sites and assist in employer assistance promotions.
- Telecommuting/Alternative Work Schedule Consulting. Assist employers in developing and implementing a telecommuting or alternative work schedule program.
- Personalized Commute Consulting. Provide a personalized commute profile to any commuter, which includes carpool match list containing the names of other commuters in the North Irvine Sphere that live and work near each other.
- Website. Maintain a website with all of their program information available.
- Rideshare Promotions. Conduct high visibility rideshare promotions as a means to advertise its services.
- Subsidies. To the extent financially feasible, offer subsidies to assist in the formation of van pools, the formation of car pools and to encourage the trying of transit services.

- Public Agency Coordination. Work closely with various public and quasi-public agencies to improve bus and commuter rail service to the Spectrum and North Irvine Sphere Areas.

3.0 Transportation Management Plan Implementation

Once the TMP is developed, a process will be established to monitor its effectiveness in reducing peak hour trip generation in the Northern Sphere. The Plan will be modified to enhance its effectiveness. (Mitigation Measure 14.4)

- A 98. The landowner or subsequent project applicant shall implement traffic improvements as identified in the project traffic study (Austin-Foust, November 2001) and supplemental traffic study (Austin-Foust, March 2002) to maintain satisfactory levels of service as defined by the City's General Plan, based on thresholds of significance, performance standards and methodologies utilized in this DEIR, Orange County Congestion Management Program and established in City of Irvine Traffic Study Guidelines. Prior to approval of each Master Tentative Map or equivalent, the landowner or subsequent project applicant shall prepare, subject to City approval, an updated traffic study inclusive of a phasing plan for traffic improvements associated with the subject Master Tentative Map. The phasing plan will specify the timing, funding, construction and fair-share responsibilities for all traffic improvements based on the updated traffic study to maintain satisfactory levels of service. The updated traffic study will determine whether those traffic mitigation improvements listed in Table 4-90, Table 4-94B and/or additional traffic improvements, if any, are necessary based on updated traffic forecasts. The updated traffic study will evaluate the cumulative impact of the subject map and all previously approved or concurrently submitted maps, along with corresponding roadway mitigations within the Protocol Area. The methodology for study area, applicable land use and circulation modifications and standards for assessing and mitigating impacts employed in the updated traffic study shall be consistent with a City approved traffic study scope-of-work. Furthermore, the traffic study area boundary shall be consistent with the study area boundary utilized in the traffic study prepared for this EIR. The landowner or subsequent project applicant shall construct, bond for or enter into a funding agreement for necessary circulation system improvements. (Mitigation Measure 14.5)
- A 99. In conjunction with the preparation of any updated traffic study as required in Mitigation Measure 14.5 for each master tentative map or equivalent, and assuming that a regional transportation agency has not already programmed and funded the warranted improvements to the impacted freeway mainline or freeway/tollway ramp locations, the landowner or subsequent project applicant and the City will take the following actions in cooperation with CalTrans:
- a. The traffic study will identify the Project's proportionate impact on the specific freeway mainline and/or freeway-tollway ramp locations and its fair share percentage responsibility for mitigating these impacts (assuming tolled

conditions on the Transportation Corridors) based on thresholds of significance, performance standards and methodologies utilized in this DEIR and established in the Orange County Congestion Management Program and City of Irvine Traffic Study Guidelines.

- b. The City shall estimate the cost of the project's fair share responsibility in cooperation with CalTrans and the Transportation Corridor Agency.
- c. The landowner or subsequent project applicant shall enter into an agreement with the City prior to recordation of the first final map for each Master Tentative Map or equivalent to establish the method and timing of payment for this identified fair share responsibility.
- d. The City shall allocate the landowner or subsequent project applicant's fair share contribution to traffic mitigation programs that result in improved traffic flow on the impacted mainline and ramp locations, including but not limited to funding participation in a transportation improvement fee program, if adopted, construction of physical/operational improvements or contributions to mandated trip reduction or transit programs. (Mitigation Measure 14.6)

- A 100. Following adoption of the General Plan/Zoning Change for the Northern Sphere, the City of Irvine shall coordinate with the Orange County Transportation Authority to restructure transit service plans to provide effective service to the area. (Mitigation Measure 14.7)

Utilities / Energy

- N/A 101. The project shall comply with City of Irvine and State of California Insulation Standards and utilize energy efficient appliances to aid in conservation of energy resources. (NOTE: In 1978 California established Energy Efficiency Standards for Residential and Nonresidential Buildings. Commonly referred to as Title 24, these standards are updated periodically to allow consideration and possible incorporation of new energy efficiency technologies and methods. In 2001 new standards went into effect. To date, these standards are estimated to have saved more than \$11.3 billion in electricity and natural gas costs. Title 24 covers the use of energy efficient building standards, including ventilation, insulation and construction and the use of energy saving appliances, conditioning systems, water heating, and lighting.) (Mitigation Measure 15.1)

- N/A 102. The project shall comply with all the State Energy Insulation Standards (Title 24) and City of Irvine codes in effect at the time of application for building permits. (Mitigation Measure 15.2)

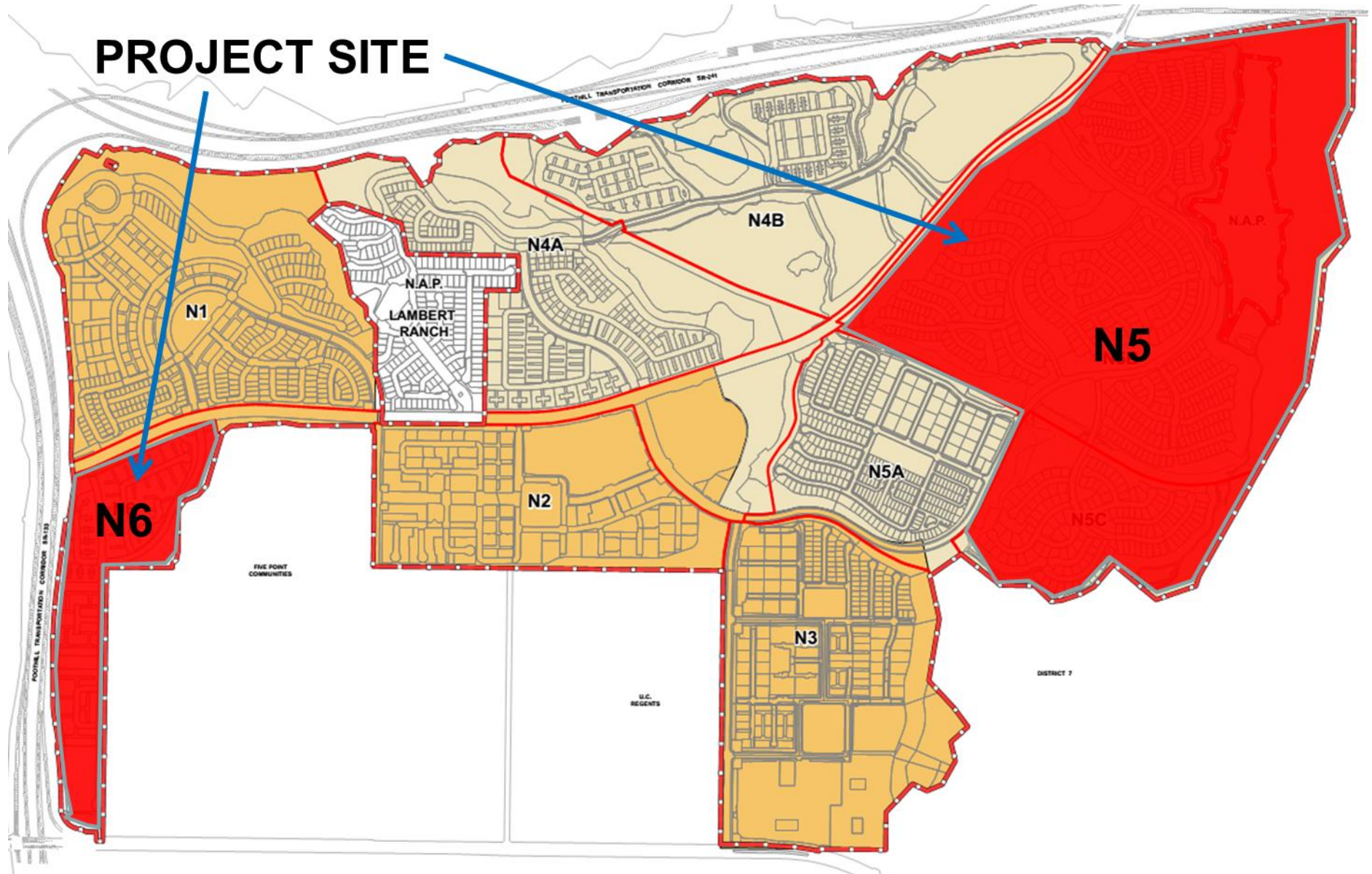
- N/A 103. This development necessitates the construction of public and/or private infrastructure improvements. Prior to the release of a final map by the City, the applicant [landowner or subsequent project applicant] shall construct, or enter into an agreement and post security, in a form and amount acceptable to the City Engineer, guaranteeing the undergrounding proposed utility distribution

lines, in conformance with applicable City standards and the City's Capital Improvement Policy. (Mitigation Measure 15.3)

- A 104. Development maps shall be conditioned to require that all electrical service lines serving development within the Northern Sphere Area will be underground. (Mitigation Measure 15.4)
- N/A 105. The project shall comply with City of Irvine and State of California insulation standards. (NOTE: In 1978 California established Energy Efficiency Standards for Residential and Nonresidential Buildings. Commonly referred to as Title 24, these standards are updated periodically to allow consideration and possible incorporation of new energy efficiency technologies and methods. In 2001 new standards went into effect. To date, these standards are estimated to have saved more than \$11.3 billion in electricity and natural gas costs. Title 24 covers the use of energy efficient building standards, including ventilation, insulation and construction and the use of energy saving appliances, conditioning systems, water heating, and lighting.) (Mitigation Measure 15.5)
- N/A 106. The project shall comply with all the State Energy Insulation Standards (Title 24) and City of Irvine codes in effect at the time of application for building permits. (Mitigation Measure 15.6)
- N/A 107. The landowner or subsequent project applicant shall consult with the Southern California Gas Company regarding feasible energy conservation measures. (Mitigation Measure 15.7)
- N/A 108. The landowner shall consult with the Southern California Gas Company regarding feasible energy conservation measures and utilize measures to the maximum extent feasible. (Mitigation Measure 15.8)
- A 109. All telephone lines shall be located underground. (Mitigation Measure 15.9)
- A 110. Prior to recordation of the first Final Tract Map ("A" Map), the landowner or subsequent project applicant shall coordinate with IRWD in the preparation of a "Sub Area Master Plan" (SAMP) which will identify sizing and general locations of IRWD Capital Facilities (wastewater) and developer facilities necessary to serve the proposed project with sewage collection and treatment systems with potable water and non-potable water supplies. Design of these facilities will be in accordance with all applicable IRWD criteria and will be sufficient to meet the projected service demands of the Northern Sphere Area development. (Mitigation Measure 15.10)
- N/A 111. All tentative tract maps and/or parcel maps shall show all easements on the property. Any grading and/or construction within any easement shall be in conformance with the contractual agreements in effect between the landowner or subsequent applicant and easement holder. (Mitigation Measure 15.11)

- N/A 112. Prior to the final approval of the location of potable and non-potable tanks proposed for Planning Area 6 (Implementation Area “R”) the landowner or subsequent project applicant shall submit to the Director of Community Development a landscape plan screening said tanks from public view through the use of landscape and berming consistent with the NCCP and subject to IRWD requirements. Alternatively, if feasible, said tanks may be placed underground. (Mitigation Measure 15.12)
- A 113. Prior to recordation of the Final Map (“A” Map), the landowner or subsequent project applicant shall coordinate with IRWD in the preparation of a “Sub Area Master Plan” (SAMP) which will identify sizing and general locations of backbone and developer facilities necessary to serve the proposed project. Design of these facilities will be in accordance with all applicable IRWD criteria and will be sufficient to meet the projected service demands of the Northern Sphere Area development. (Mitigation Measure 15.13)
- N/A 114. Prior to the issuance of precise grading permits for multi-family or single-family attached projects, the landowner or subsequent project applicant shall show on the site plans the location of receptacles to accumulate on-site generated solid waste for recycling purposes. (Mitigation Measure 15.14)
- N/A 115. Tentative tract map/master plan applications for attached residential units shall satisfy the refuse and recyclable materials collection and loading standards set forth in Section 3-25-1 (Refuse Collection Standards) of the Irvine Municipal Code. These sections establish standards for the capacity, location, design and maintenance of refuse and recycling collection bins. (Mitigation Measure 15.15)
- N/A 116. This project will result in new construction which will generate solid waste. Prior to the issuance of precise grading permits, the landowner or subsequent project applicant shall show on the site plans the location of receptacle(s) to accumulate on-site generated solid waste for recycling purposes. Subject to the approval of the Director of Community Development, the developer of the nonresidential project may be permitted to contract with a waste recycler for off-site materials recovery provided that the landowner or subsequent project applicant provides a letter verifying that recycling will be conducted off site in an acceptable manner. (Mitigation Measure 15.16)
- N/A 117. In the event that the City of Irvine either: 1) terminates its contract with current or future waste removal contractors and no longer provides this service to its citizens; or 2) changes the City’s existing programs for recycling, then prior to final zoning and building inspections, the landowner or subsequent project applicant shall submit project plans to the Director of Community Development for review and approval to ensure that the plan is in compliance with AB 939, the Solid Waste Reduction Act of 1989, as implemented by the City of Irvine and the County of Orange Integrated Waste Management Plan. (Mitigation Measure 15.17)

VICINITY MAP



CHAPTER 9-6. - PLANNING AREA 6 (PORTOLA SPRINGS)*

- Sec. 9-6-1. Land use zoning map.
- Sec. 9-6-2. Introduction.
- Sec. 9-6-3. Statistical analysis.
- Sec. 9-6-4. Land use regulations.
- Sec. 9-6-5. Development ~~Standards~~standards for Area 2.3K.
- Sec. 9-6-6. Reserved.
- Sec. 9-6-7. Special development requirements for Area 2.3K.
- Sec. 9-6-8. Special development requirements for Area 2.3M.
- Sec. 9-6-9. Special development requirements for Area 8.1A.

Sec. 9-6-1. Land use zoning map.

(See Planning Area 6 map following Section 9-6-5)
 (Code 1976, § V.E-806.1; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 03-33, § 6, 1-22-04; Ord. No. 06-17, § 4, 9-26-06)

Sec. 9-6-2. Introduction.

- A. Planning Area 6 is generally bounded by Jeffrey Road and SR-I33 to the west, PA 51 (Orange County Great Park) to the south, PA 3 to the north and the City sphere boundary to the east.
 - B. Planning Area 6 is intended to be a mixed-use village which provides for a full range of residential densities, commercial centers, recreation facilities, and office/high technology uses.
- (Code 1976, § V.E-806.2; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 00-02, § 4, 2-8-00; Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 09-02, § 3, 3-24-09)

Sec. 9-6-3. Statistical analysis.

			Building Intensity Standard				
General Plan Category	Zoning Number	Zoning District	Maximum Regulatory Dwelling Units	Additive Dwelling Units ²	Maximum Regulatory Square Feet	Additive Square Feet ²	Gross Acres *
Conservation and Open Space:							
Exclusive Agriculture	1.1	Agriculture	0	0	0	0	205
Preservation	1.4	Preservation	0	0	0	0	1,178
Recreation	1.5	Recreation	0	0	0	0	172
Water bodies	1.6	Water bodies	0	0	0	0	22
Residential:							
Medium Density	2.3K	Medium Density	*** 4,500	0	0	0	1,078
	2.3M	Medium Density	170	0	0	0	51

* Editor's note— Ord. No. 09-02, § 3, adopted March 24, 2009, amended the Code by amending the title of Chapter 9-6.

Multi-Use:							
Multi-Use	3.1	Multi-Use	**	0	125,000	0	20
	8.1A	Trails & Transit Oriented Development	See Special Development Standards		See Special Development Standards	0	58
Commercial:							
Community Commercial	4.2	Community Commercial	0	0	175,000	0	23
Industrial:							
Research/Industrial	5.5F	Medical and Science	0	0	0	0	0
Institutional:							
Public Facilities	6.1	Institutional	0	0	0	0	0
Unallocated Dwelling Units ¹	n/a	n/a	0	0	0	0	0
PLANNING AREA TOTAL			**** 4,670	0	**** 800,000	0	2,807

*ROW for SR-241/SR-133 is excluded.

**Any residential units in the Multi-Use category shall be taken from the Medium Density category and transferred units.

***Maximum units may be exceeded pursuant to Sections 9-6-7.B and 9-6-9.B.

****A maximum of 800,000 square feet of nonresidential intensity has been established for this planning area; however, up to 790 dwelling units (in excess of 4,670) may be substituted for nonresidential square footage in terms of equivalent traffic generation as set forth in Section 9-6-9.B.

¹ Unallocated dwelling units represent those units remaining in a planning area that may be built anywhere in the same planning area. These units are within the maximum development intensity for the planning area; and, therefore, placement of unallocated units into any residential category within the planning area for purposes of development is determined to be consistent with the General Plan and Zoning Code with regard to intensity allocation only, provided that placement is otherwise consistent with site specific zoning regulations and that any potential environmental impacts are adequately addressed, including traffic impacts, pursuant to CEQA. ~~Additionally, unallocated dwelling units in Planning Area 4 cannot be transferred between sectors per an existing development agreement.~~

² See Section 9-0-3.C. Building intensity standards.

(Code 1976, § V.E-806.3; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 03-33, § 6, 1-22-04; Ord. No. 06-17, § 4, 9-26-06; Ord. No. 12-01, § 5 (Exh. A), 1-24-12; Ord. No. 12-09, § 3 (Exh. A), 5-22-12)

Sec. 9-6-4. Land use regulations.

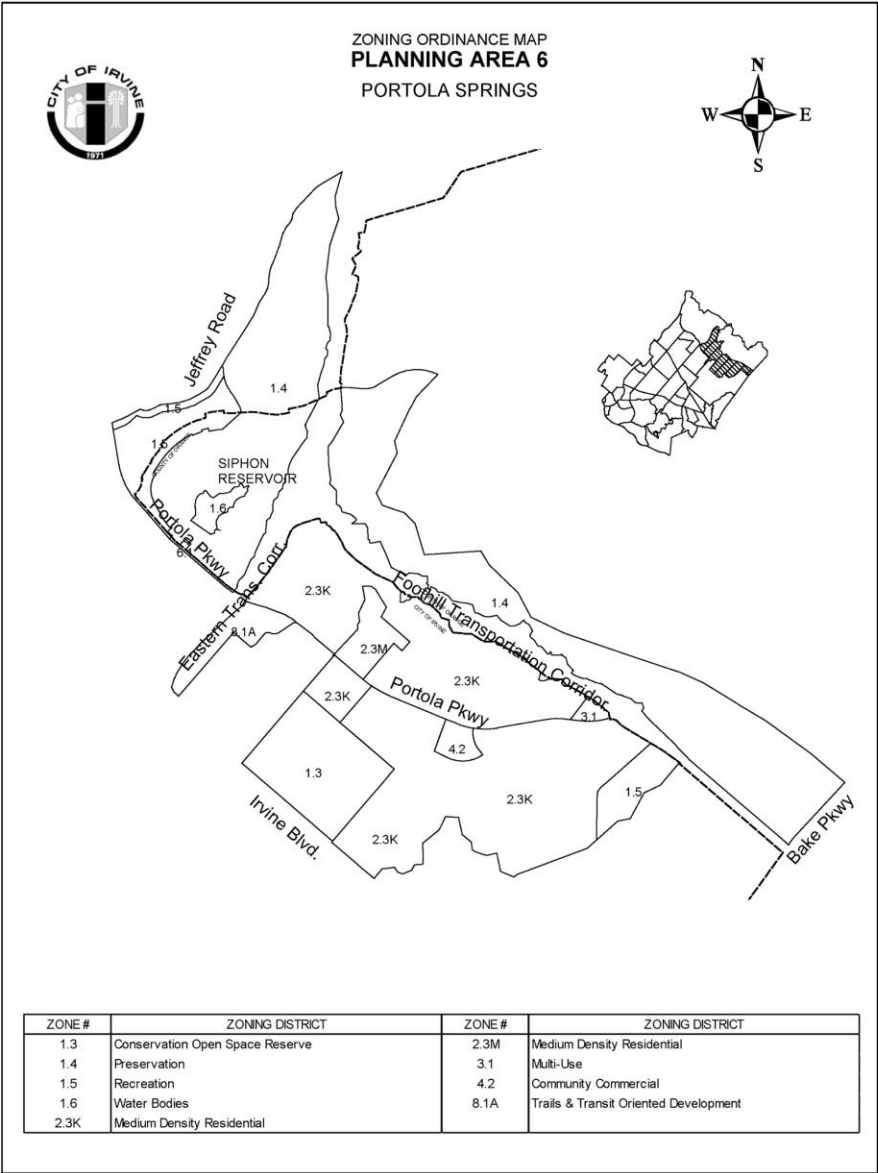
See Section 3-3-1 (Land use matrix).

(Code 1976, § V.E-806.4; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95)

Sec. 9-6-5. Development ~~Standards~~ standards for Area 2.3K.

(City-wide regulations can also be found in Division 3.)

Individual residential projects in Medium Density category 2.3K may exceed 12.5 dwelling units/net acre. However, no individual project may exceed 31.0 dwelling units/net acre and the overall density within 2.3K cannot exceed 12.5 dwelling units/net acre. For projects within Area 2.3K, the actual net density of individual projects will determine the development standards to be applied according to Sections 3-37-13, 3-37-14, 3-37-15 and 3-37-16, as applicable. (Code 1976, § V.E-806.5; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 02-09, §§ 1—7, 6-11-02)



Sec. 9-6-6. Reserved.

Sec. 9-6-7. Special development requirements for Area 2.3K.

A. *Affordable housing.*

1. The affordable housing needs goal of 15 percent (5 percent Income I, II; 5 percent Income III; and 5 percent Income IV) of the actual number of units built in Planning Area 6 may be met utilizing the menu option as established in the Housing Element. The achievement of the Income I, II and III affordable housing goals is contingent upon the availability of financial incentives which bridge the gap between the actual cost of construction of a market unit and an affordable unit. The City will provide available financial assistance to help achieve the affordable housing needs goal for these planning areas.
2. In conjunction with the submittal of the first tentative map within this planning area, the applicant shall submit a comprehensive affordable housing program covering Planning Areas 5, 6, 8, and 9 as called for in Chapter 2-3 of the Zoning Code. The affordable housing goal of 15 percent (5 percent Income I, II; 5 percent Income III; and 5 percent Income IV) of the actual number of units built shall be addressed in the affordable housing program. The program shall be reviewed by the Planning Commission prior to its approval of the first tentative map and approved by the City Council prior to recordation of the first final map.

B. *Maximum dwelling units.* Notwithstanding the provisions of Section 9-6-3, a total maximum of 300 dwelling units may be transferred by the landowner from Planning Areas 5B and/or 8A to Planning Area 6-9 and/or into Planning Area 96. ~~It is the intent of this provision to allow a total 15,802 dwelling units (not including a maximum potential of 790 dwelling units permitted in Area 8.1A) to be constructed in these planning areas, to be measured cumulatively by actual permits issued. However, no dwelling units will be permitted to be transferred from Planning Area 6 to Planning Area 5 or 8.~~ In addition, up to 226 dwelling units may be transferred from Area 8.1A to Area 2.3K within Planning Area 6.

C. *Parks.* The locations of public parks are conceptually shown on Exhibit B. Private parks will also be provided in order to meet local park requirements. With the first residential tract map submitted for development in Planning Areas 5 (Area 2.3I), 6, 8 (Area 2.3H), and 9, a comprehensive community park plan addressing community park requirements for Planning Areas 5 (Area 2.3I), 6, 8 (Area 2.3H), and 9 will be submitted by the applicant. This park plan may also address community park requirements for other planning areas, including, but not limited to, Planning Areas 1 and 2.

1. The community park requirement for PA 6 will be satisfied by the dedication of parkland and/or construction of park improvements for a community park centrally located within Planning Area 6 as conceptually shown on Exhibit B.
 - a. The community park shall be a minimum of 20 acres. This community park may fulfill a portion of the community parks requirement for PA 9.
 - b. The second community park conceptually shown on Exhibit B at the northeast corner of Jeffrey Road and Portola Parkway may satisfy community park requirements for Planning Areas 5, 8 and 9.

D. *Arterial highways.* The following arterials are located adjacent to or within Planning Area 6:

<i>Arterial Highway/Freeway/Tollway</i>	<i>General Plan Classification</i>
Jeffrey Road	Thruway
Irvine Boulevard	Thruway
Portola Parkway	Thruway
Foothill Transportation Corridor	Transportation Corridor
Eastern Transportation Corridor	Transportation Corridor

- E. *Eucalyptus trees.* The existing eucalyptus windows in PA 6 will be retained in median landscaping, landscaped setbacks, parks, the Jeffrey Open Space Trail, trails and areas adjacent to open space to the extent trees are deemed sufficiently healthy for preservation in accordance with a survey conducted by a certified arborist and do not conflict with fuel modification requirements and do not conflict with infrastructure improvements.
- F. *Preservation/NCCP Reserve dedication.* Prior to or concurrent with the recordation of the first subdivision map in PA 6, the applicant shall record an offer of dedication in favor of the City for Area "R" as shown on Exhibit A. Such offer will be in compliance with Section 8-14-1 and may be accepted by the City no sooner than 90 days following issuance of building permits for 75 percent of the 4,500 total dwelling units permitted and 75 percent of the total square feet of industrial structures, or at the completion of development within the planning area.
1. Any trails in the NCCP Reserve and/or preservation area will be designed, constructed, owned and maintained by the City of Irvine or its designee.
 2. Because the NCCP Reserve and Preservation category are co-terminus in this dedication, the NCCP shall serve as the Open Space and Management Plan required under Section 9-16-1.
- G. *Pedestrian links.* Sidewalks will be located on public streets in accordance with City plans and guidelines. Sidewalks on private streets may vary from standard City plans where appropriate to reduce grading or provide better pedestrian linkages. Pedestrian walks should link commercial sites, schools, parks and residential neighborhoods. With the submittal of the first residential tract map, a Master Plan of bicycle and pedestrian trails will be provided.
- H. *Jeffrey Open Space Trail.* The Jeffrey Open Space Trail (JOST) within Planning Area 6 will provide a continuous open space edge the eastern side of the ultimate alignment of Jeffrey Road from Portola Parkway to the NCCP boundary. The JOST shall be the equivalent of 325 feet in width as measured from the Jeffrey Road curb face (approximately 28 acres). JOST width may vary, but may not be less than 200 feet. The JOST will serve as the village edge for the adjoining development areas, and no further village edge dedications or improvements will be required. Improvement of the JOST shall be consistent with the design character listed in Section 9-6-7.H JOST improvements may be proposed by the applicant in lieu of dedication, as generally defined in Section 5-5-1004.F.1 of the Municipal Code (in effect at the time of approval of this zoning) and in accordance with this section.
1. *JOST function.*

- a. The JOST shall provide a place that will accommodate public trail and passive open space uses and which will achieve the following objectives:
 - (1) Provide a Class I bicycle trail, and where deemed appropriate, an unpaved pedestrian trail.
 - (2) Include features such as, but not limited to, riparian elements, water quality elements, picnic areas, shade structures, restrooms and other passive recreational improvements.
 - (3) Establish landscape and landforms that will provide the trail user with a meandering separation from Jeffrey Road, a village edge for newly developed planning areas, and a landscape buffer between new development and Jeffrey Road.
 - b. Permitted uses: Except for utilities and General Plan roadway improvements, surface uses will be limited to trails, and associated passive public recreation and park-and-ride facilities. For the purposes of the JOST, features identified in Subsection H.1.a(2) are considered passive recreation.
2. *Overall park design.* North of the I-5 Freeway, to the NCCP boundary in Planning Area 6 (approximately 117 acres), design of the overall Jeffrey open space spine shall be approved as a park design pursuant to Section 2-22-4.

Design concepts to be included in the overall design shall be consistent with the Jeffrey Open Space Trail consensus plan reviewed by City Council on September 25, 2001. The design shall address grade separated crossings and undergrounding any overhead utility lines, including costs, timing, and responsible entities.

Adoption of this overall park design shall establish parameters by which JOST segments will be approved as adjacent development proposals are processed. It is also anticipated that an implementation agreement between The Irvine Company and the City documenting mutual understandings related to implementation issues such as costs, timing, and responsibilities will be approved as a part of this process.

This overall park design shall be reviewed by the Planning Commission, the Community Services Commission, and shall be approved by the City Council.

3. *Segment design approval process.*
- a. *Segment park design.* In conjunction with an application for any subdivision map or community park plan adjacent to the spine, a segment park design for the adjacent JOST segment shall be submitted to the City by the applicant. The plan shall include:
 - (i) JOST dimensions and acreage;
 - (ii) Trails and pedestrian access to trails;
 - (iii) Landscape elements;
 - (iv) Conceptual plant palette;

- (v) Planned vehicular access or crossings;
- (vi) Special design features; and
- (vii) Passive recreational amenities and improvements.

- b. *Request for improvements in lieu of dedication.* Should improvements in lieu of land dedication be proposed by the applicant, fair market value and improvement costs shall be established in the manner defined in Section 5-5-1004 of the Municipal Code or by means mutually acceptable to the applicant and the Director of Community Services. Any modifications to the design through the approval process will be addressed by the implementation agreement noted in Section 9-6-7-H.2.
- c. *Segment plan approval.* If the City adopts an overall park design, the segment park design shall be approved by the Directors of Community Development and Community Services, provided the segment park design is deemed consistent with the overall park design. In the event the overall park design has not received approvals or if the segment park design is not consistent with an approved overall park design, the segment park design shall be subject to final approval by the Community Services Commission. Appeals of decisions related to the segment park design shall be to the City Council.

4. *JOST improvement.*

- a. The project developer's financial obligation to improve the JOST is limited to costs of construction of a permanent trail to be built in accordance with the City's 1985 "Guidelines for Bicycle Facilities in Irvine" (excluding grade separations used solely for trail systems).
- b. Prior to issuance of the first precise grading permit for property adjacent to the JOST, the developer shall commence construction of an 11-foot bicycle/pedestrian trail and all improvements in lieu of dedication, if any, within the adjacent spine segment. Once commenced, the entire segment shall be completed in a single phase.
- c. Any grade-separated crossings shall be constructed and maintained by the City unless otherwise agreed to by the developer consistent with Subsection H.2 herein. The City shall also maintain the bicycle/pedestrian trail, landscaping and all other improvements within the JOST.

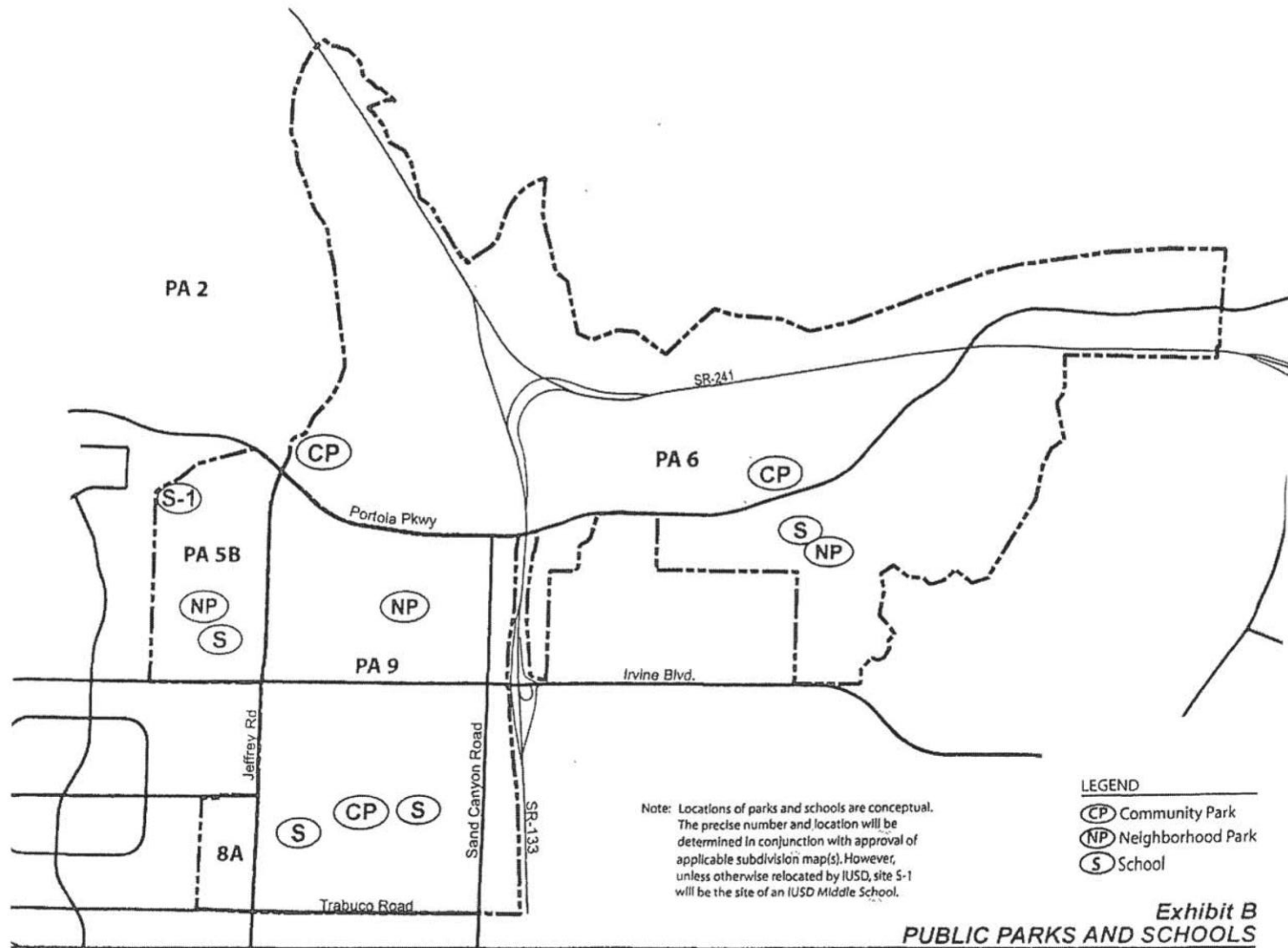
5. *JOST conveyance.*

- a. Prior to the release of a final map for an area adjacent to the JOST, or the approval of any other conveyance document created for transfer of ownership of any community park land adjacent to the JOST to the City, the applicant shall submit for review to the satisfaction of the Director of Community Development and the City Attorney, the form of an irrevocable offer of dedication to the City of Irvine for the JOST segment adjacent to the development.

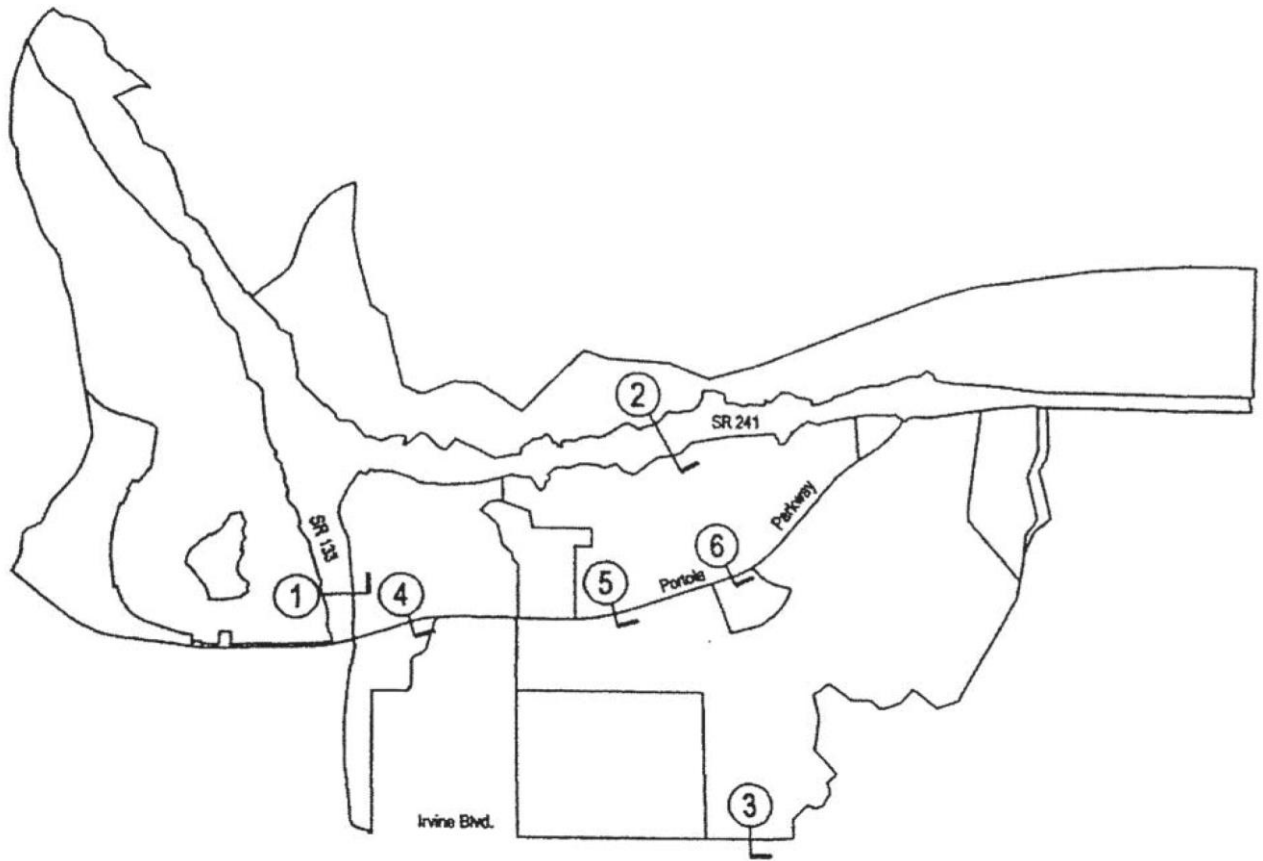
- b. The City shall accept the offer of dedication for the JOST and improvements in a timely manner following final inspection of improvements: within 90 days of improvements including landscaping, or within 30 days if the improvements include only the trail. The trail shall not be opened for public use until the City has accepted the offer of dedication.
- I. *Trails.* Prior to approval of the first residential tentative tract map within this planning area, the applicant shall submit a master trails plan, which addresses public and private trails and linkages, public viewpoints, public access points to the open space, signage, and construction phasing of trails. This plan shall include a pedestrian link along Portola Parkway connecting Sand Canyon Avenue through the planning area to the Transportation Corridor and the open space in the eastern part of the village. This plan shall be consistent with the General Plan Trails Network Figure B-4 and also demonstrate how access to dedicated open space will be controlled and managed by the City through fencing or other means. The master trails plan shall be submitted for review and comment by the Community Services Commission and approved by the Planning Commission.
- J. *Hicks Canyon Wash Trail Extension.* At the time that Jeffrey Road is constructed north of Portola Parkway, the existing Hick's Canyon Wash Trail shall be extended as an under-crossing of Jeffrey Road to accommodate connection to the Jeffrey Open Space Trail.
- K. *Village theme.* The architectural design shall address detail articulated on all sides of the structures visible from streets, paseos, and other public areas. Particular attention shall be given to windows, balconies, doors, and other design elements. The elements and qualities which shall be encouraged are human scale and privacy, play of light using shade and shadows to provide relief, and variations in roof lines. Large blank walls with minimal detail shall be discouraged.
- L. *Residential/community commercial architecture.* A variety of architectural styles and forms will be used to express differences among projects and neighborhoods within the planning area. Variations of the following elements may be used by the developer:
 - 1. *Overall form.* Some symmetry at front facades or around entries will be used to create balance in the overall form. Entry view corridors terminating at blank walls and/or blank building elevations shall be discouraged. Views of elevations of multifamily structures with exterior walkways serving as common access for dwellings on second and third floors shall be screened from public rights-of-way either through building orientation or other architectural or landscape elements.
 - 2. *Roof form.* Roof massing will be varied with a strong cornice line. Clay, concrete tile, and slate will be used predominantly with consistent earthtone colors.
 - 3. *Details.* Simple cornices, moldings, projections and recesses, and integral-colored accent materials such as ceramic tile, brick, garden walls (stone or painted stucco) and picket gates will be used.
 - 4. *Site design.* Terraces, plazas, arcades, colonnades, and pergolas will be used to define pedestrian areas.

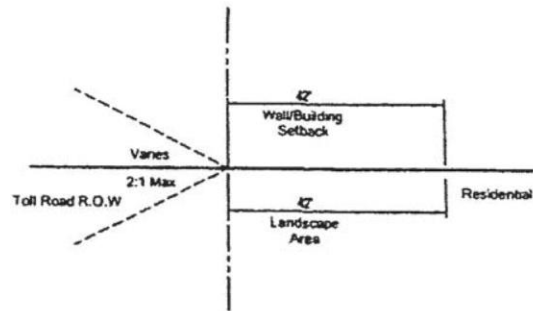
5. *Building heights along arterial roadways.* Residential structures adjacent to arterial roadways shall not exceed two stories.
 6. *Architectural features.* Architectural features (not including chimneys) on individual residential structures may in limited circumstances exceed the established height limit by a maximum of 10 percent of the roof area on which the structure is secured but in no event shall exceed 10 feet above applicable zoning district height limit.
- M. *Industrial architecture.* The industrial portion of the planning area will have a clean and contemporary architectural style, similar to Irvine Spectrum. In conjunction with each tentative tract map ("B" map) or parcel map for medical and science parcels adjacent to areas zoned residential, the applicant shall demonstrate how medical and science uses will be compatible with residential uses with particular reference to proposed building heights, locations of loading docks and storage areas, treatment of parking areas, and proposed landscaping. Vehicular access between medical and sciences uses and adjacent residential development shall be evaluated at the time of tentative tract maps ("B" maps) or parcel maps. Vehicular access shall be designed so that conflicts with residential neighborhoods are minimized.
- N. *Landscape setbacks.* The landscape setbacks for the project edge shall be in accordance with Exhibits C. Additionally, streetscapes required with development of Planning Area 6 shall be consistent with the City of Irvine Master Streetscape Plan.
- O. *Alternative setback standards.* Alternative setback standards for setbacks internal to the planning area may be approved in conjunction with any subsequent Planning Commission approval. A description of the proposed setbacks and how they differ shall be submitted. The Planning Commission will consider the following criteria and may appropriate findings, if necessary:
1. *General character.* Relationship in scale, bulk, coverage and density with surrounding land uses.
 2. *Quality of life.* Whether the proposed alternative standard will result in an adverse impact on existing neighborhoods.
 3. *Suitability.* The physical suitability of the site for the proposed project.
 4. *Limitations.* Such setbacks shall not be used to deviate from setbacks established for village edges.
- P. *Multi-use.* The Multi-Use category may be developed with a single land use.
- Q. *Child care.*
1. The need for child care facilities shall be recognized in the development of Planning Area 6. Prior to the approval of the first tentative tract map for the residential portion of this planning area, the number of private sector child care slots to be provided will be determined by the City and the developer in accordance with the City policy in effect at that time. The number of slots will be based on the actual number of residential units to be built and on a determination of child care needs within the planning area.

2. Prior to the approval of the first tentative tract map for the residential portion of this planning area, the applicant shall address the following when locating any child care center:
 - a. The location of any child care center(s) shall be determined.
 - b. The size of any parcel that is designated for a potential child care center.
 - c. Child care centers shall be compatible with adjacent uses. Development of a child care center in conjunction with proposed elementary schools and adjacent to neighborhood parks, residential developments and/or neighborhood commercial centers shall be encouraged.
 - d. In locating a child care center, the proposed site shall be evaluated with regard to factors that might be detrimental to the public health, safety, or welfare, including, but not limited to, proximity to high-traffic-volume roadways, hazardous materials, and major generators of traffic.
- R. *Hydrology.* In conjunction with the submittal of specific development plans, the applicant shall demonstrate that storm drain systems will include project design features for treatment of project related stormwater runoff to improve the quality of discharges into San Diego Creek. This will be addressed as follows:
 1. BMPs (for example, BMPs that achieve similar performance per National BMP Database ratings as catch_basin inserts) will be designed to infiltrate, filter or treat the volume of runoff produced by either (a) a 24-hour 85th percentile storm event (runoff from 0.75 inch, 24-hour storm), or (b) the maximum flow rate of runoff produced by a rainfall intensity of 0.2 inch of rainfall per hour.
- S. *Circulation.* In conjunction with the submittal of any traffic study for this planning area, alternative solutions for any proposed triple left turn lanes shall be identified.
- T. *Trip monitoring.* Prior to the approval of any discretionary application for new development, the applicant shall submit to the Community Development Department a table documenting the cumulative total of approved development and trips within Area 2.3K, in a manner meeting the approval of the Director of Community Development to ensure the overall average daily trips (ADT) do not exceed the 95,019 ADT as mitigated by prior payment of NITM fees.

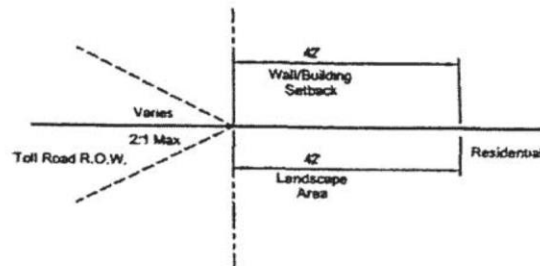


KEY MAP

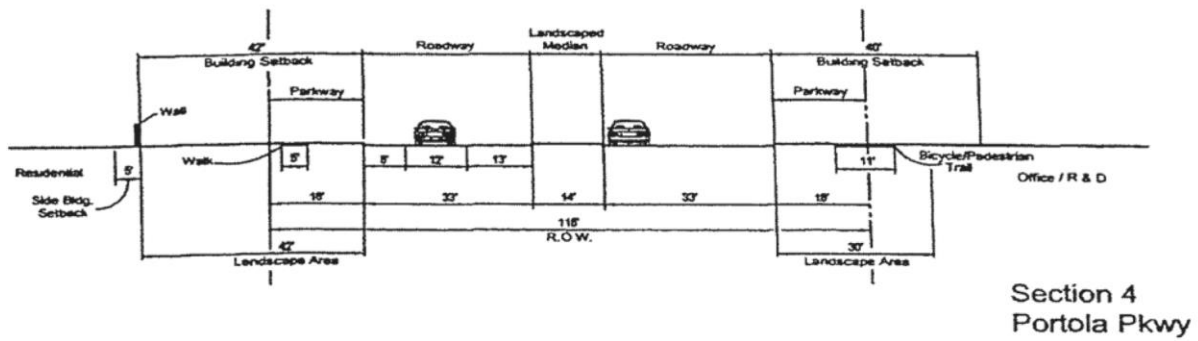
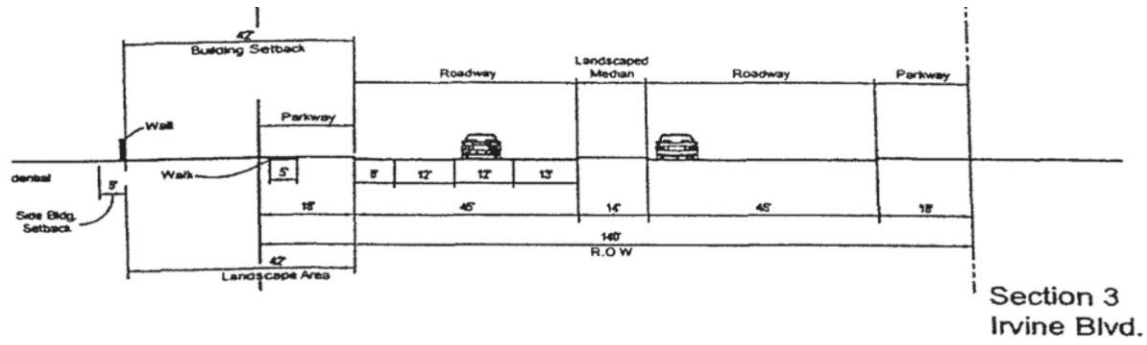




Section 1
State Route 133

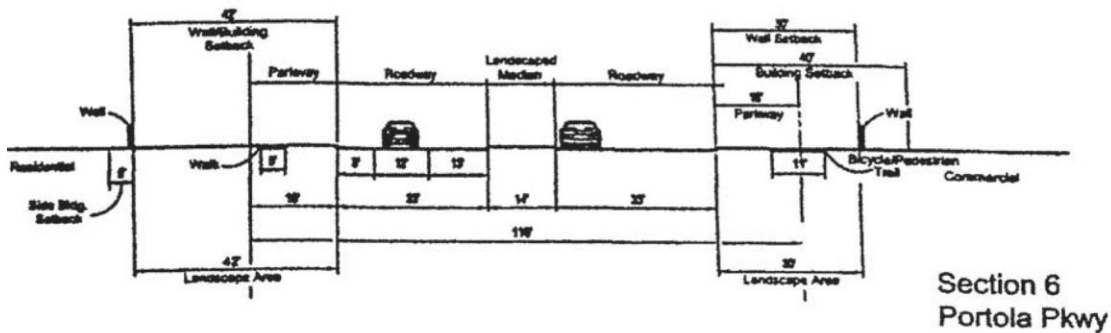
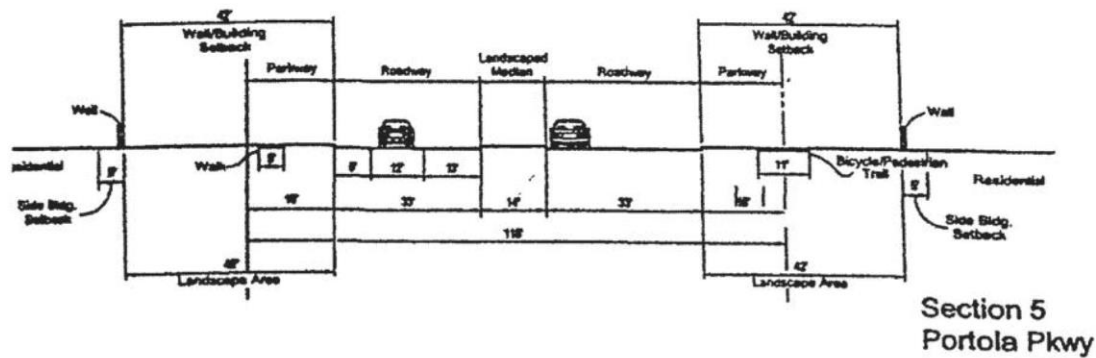


Section 2
State Route 241



SECTIONS
Planning Area 6

Exhibit C-2



SECTIONS Planning Area 6

Exhibit C-3

(Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 03-33, § 6, 1-22-04; Ord. No. 04-03, § 3, 2-24-04; Ord. No. 09-02, § 3, 3-24-09; Ord. No. 12-01, § 5 (Exh. A), 1-24-12)

Sec. 9-6-8. Special development requirements for Area 2.3M.

1. *Village theme.* The village or "neighborhood" theme of the site should be reminiscent of villages of early California, a neighborhood where the different design elements such as a diversity of home types, roadways, parks and open space are woven together to create a cohesive community. The project site plan should also reinforce the connection between the existing "flatland" and "hillside" areas.
2. *Architectural design.* The architectural design shall address detail articulation on all sides of the structures visible from streets, paseos and other public areas. Particular attention shall be given to windows, balconies, doors and other design elements. The elements and qualities that shall be encouraged are pedestrian scale and privacy, play of light using shade and

shadows to provide relief and variations in roof-lines. Large blank walls with minimal detail shall be discouraged.

3. *Architectural features.* Architectural features on individual residential structures may in limited circumstances exceed the established height limitation by a maximum of 10 percent of the roof area on which the structure is secured but in no event shall exceed 10 feet above applicable zoning district height limit.
4. *Parks.* With the submittal of a vesting tentative tract map for development of Lambert Ranch, the applicant will submit a park plan in accordance with Chapter 2-22. The park plan will address the community and neighborhood park dedication requirements for Lambert Ranch.
 - a. Neighborhood parks shall be located within the Lambert Ranch development. The aesthetic design goal of the parks shall be to preserve and enhance the existing landscape attributes of the site. Neighborhood parks shall be located to provide convenient pedestrian access from residential units.
 - b. The community park requirement for Lambert Ranch will be satisfied by the provision of park in-lieu fees per Section 5-5-1004, subdivision ordinance.
5. *Pedestrian network.* Pedestrian circulation is provided through a network of sidewalks and pedestrian paseos. The network has been designed to encourage pedestrian circulation, enhancing a sense of community and to provide access between residential units and the neighborhood parks and open space system, adjacent community park, schools, commercial sites, and residential neighborhoods. Where sidewalks are not provided along private ways or driveways, pedestrian access to units shall be provided from a pedestrian paseo. A minimum of five-foot width shall be provided for walks along key pedestrian corridors, including along the neighborhood park, Esplanade, Paseos and along Portola Parkway. A four-foot width will be limited to sidewalks along interior residential streets.

No lot with frontage on C Drive East and West will be located more than 150 feet from a pedestrian access connecting the private drive to the interior paseo system.
6. *Streets and private ways.* Streets shall be designed to encourage "traffic calming" and enhance pedestrian circulation. "Traffic calming" techniques, such as narrower street, choker and special pavement, are encouraged to minimize vehicular speed.
7. *Landscaping.* Landscape character shall be compatible with adjacent planning areas through continuation of the general character of plantings along Portola Parkway consistent with the City of Irvine Master Streetscape Plan. The existing early California landscape character of the hillside shall be enhanced with informal native, naturalized and ornamental plantings, while the "flatland" development shall have a combination of formal and informal landscape plantings. Entry landscape treatment shall occur at the primary neighborhood entry from Portola Parkway and secondary entry from Ridge Valley.
8. *Eucalyptus trees.* The existing eucalyptus windows on the project site will be retained in landscape setbacks and paseos to the extent the trees are deemed sufficiently healthy for preservation in accordance with a survey conducted by a certified arborist and do not conflict with fuel modification requirements and do not conflict with infrastructure improvements. A eucalyptus tree report will be provided and approved by the City of Irvine.

9. *Alternative setback standards.* Alternative setback standards for setbacks internal to the planning area may be approved in conjunction with any subsequent Planning Commission approval. A description of the proposed setbacks and how they differ shall be submitted. The Planning Commission will consider the following criteria and may appropriate findings, if necessary:
 - a. *General character:* Relationship to scale, bulk, coverage and density with surrounding land uses.
 - b. *Quality of life:* Whether the proposed alternative standard will result in an adverse impact on existing neighborhoods.
 - c. *Suitability:* The physical suitability of the site for the proposed project.
 - d. *Limitations:* Such setbacks shall not be used to deviate from setbacks established for village edges.
10. *Libraries.* In the event that a City-wide library impact fee is adopted and in force, the developer shall pay this fee prior to issuance of building permits for new development.
11. *Lambert's residence.* The 1.67-acre remainder parcel for vesting tentative tract map 16868 shall not be further subdivided to create additional buildable lots for future development. (Ord. No. 06-17, § 4, 9-26-06)

Editor's note— Ord. No. 06-17, § 4, adopted September 26, 2006, amended the Code by adding a new section to be numbered 9-6-7. In order to prevent duplication of section number, the section has been renumbered at the discretion of the editor.

Sec. 9-6-9. Special development requirements for Area 8.1A.

- A. *Trails and Transit Oriented Development.* The 8.1A Trails and Transit Oriented Development District-zoning district allows a variety of uses on the same site consistent with the Multi-Use land use category as defined in the General Plan. The Trails and Transit Oriented Development designation allows for a mix of residential, commercial, recreational, and education uses that support a multi-use environment, and which is complementary to the 8.1 Trails and Transit Oriented Development District located in PA 51 and to the Orange County Great Park. Pedestrian paths and trails, including, but not limited to, bike paths, sidewalks, and recreational trails, shall be encouraged in the Trails and Transit Oriented Development District. The variety of trails types and transit choices are intended to provide connectivity to the Orange County Great Park, the 8.1 Trails and Transit Oriented Development District in Planning Area 51, to public open space outside the Orange County Great Park, and to other nearby areas.

Development in Area 8.1A shall:

- Promote residential communities that are physically connected to each other. Foster community and connectedness between adjacent land uses.
- Promote livability, transportation efficiency, and walkability.

- Allow residential dwelling units to be mixed with other uses providing choices in location, type and size based on compatibility with surrounding uses.
- Promote the development of trails that serve as recreational opportunities and as transportation connections between residential uses, commercial and industrial uses, the Orange County Great Park and transportation hubs.
- Encourage clustering of residential units, where feasible, to provide for opportunities to develop public and private open spaces within the development.
- Promote a diversity of housing types to accommodate a range of economic levels and age groups to live within a community.
- Provide appealing and functional pedestrian street environments to promote pedestrian activity.
- Encourage vertical and horizontal integration of commercial office and retail land uses into the residential development, where feasible.

In addition, the following planning standards shall apply throughout ~~the Area~~ Area 8.1A:

1. Allowable residential units may be mixed with other uses providing choices in location, type and size based on compatibility with surrounding uses. Clustering of residential units shall be encouraged to provide for greater opportunities to develop neighborhood parks as well as public and private open spaces within the development.
2. Reserved.
3. Community and neighborhood park requirements shall be provided in accordance with City of Irvine Park Code.
4. The inclusion of alternative educational, vocational, R&D, business and office facilities in the form of high technology research and vocational centers, business incubators, community outreach partnership centers, conference and group presentation facilities within a "campus commons" framework shall be allowed.
5. The introduction of unique land uses that are not specified in the permitted and conditionally permitted uses but fit within the intent of Area 8.1A shall be encouraged subject to an initial determination by the Director of Community Development and subsequently, subject to a conditional use permit approved by the Planning Commission.

- B. ~~Reserved. Project trip monitoring within the 8.1A. The development intensity allocated to 8.1A equates to 175,000 square feet of office use and 325,000 square feet of Research and Development use with a post-2030 trip limit of 5,115 average daily trips, 506 a.m. peak hour trips and 509 p.m. peak hour trips based on NITM land use rates. To the degree residential units or other uses are built in 8.1A, a corresponding reduction in the allowable Office and/or Research and Development intensity shall occur in terms of equivalent traffic generation based on a.m. peak, p.m. peak, and average daily trips. The actual amount of reduction will~~

~~be based on land use based traffic generation rates, and using an average trip generation rate (10.73 ADT, 0.98 a.m. peak hour trips and 0.94 p.m. peak hour trips per 1,000 square feet of office use and 9.96 ADT, 1.03 a.m. peak hour trips and 1.06 p.m. peak hour trips per 1,000 square feet of Research and Development use) for Office and/or Research and Development intensity and the applicable rates for any proposed non-office use, as determined by the Director of Community Development:~~

- ~~1. For the purposes of this section, "applicant" shall mean that applicant for development case 00517536-PGA and 00517535-PZC. Prior to approval of each subdivision map in 8.1A, the applicant shall submit a Trip Allocation and Monitoring Report (TAMR) for review and approval of the Director of Community Development. The TAMR shall include an allocation and accounting of trips based on City of Irvine land use trip generation rates to ensure that the aggregate traffic projected does not exceed the trip limits. The TAMR shall include, but not be limited to, the allocation of trips (average daily, a.m. peak and p.m. peak hour) to each parcel. Approval by the Director of Community Development shall be based upon the determination that the allocations shown do not exceed the maximum established for the zoning district; that all parcels have a trip allocation; and that the allocation is consistent with the General Plan, zoning and other applicable regulatory documents. The TAMR may be updated by the applicant and is subject to review and approval by the Director of Community Development.~~
 - ~~2. Except as otherwise permitted by Planning Area 6 zoning relative to the reallocation of residential units within the planning area (including units transferred consistent with Section 9-6-7.B) the development intensity and related Post-2030 vehicle trip limits set forth herein shall restrict all development within the 8.1A. Any increase to the maximum intensity otherwise allowed shall require the approval of a zone change.~~
 - ~~3. In addition, the trips allocated to individual parcels in an approved TAMR shall not be exceeded. Any increase to the vehicle trip limit for an individual parcel shall require either the submission and approval by the applicant of an updated TAMR or the approval of a zone change.~~
- ~~C. Reserved Development tracking and monitoring report. The development in 8.1A is subject to specific limits as follows:~~
- ~~Building permits which would cause maximum ADT defined in Section 9-6-9.B to be exceeded shall not be issued.~~
- ~~Discretionary application: Prior to the approval of any discretionary application for new development, the applicant shall submit to the Community Development Department a table documenting the cumulative total of approved development within Planning Area 8.1A, in a manner meeting the approval of the Director of Community Development.~~
- D. *Changes in intensities.* The Statistical Analysis table (Section 9-6-3) shall be administratively adjusted to reflect the allocation of development intensity as approved by applicable discretionary case applications for area Areas 2.3K and 8.1A.
- E. *Residential/community commercial architecture.* A variety of architectural styles and forms will be used to express differences among projects and neighborhoods within the planning area. Variations of the following elements may be used by the developer.

1. *Overall form.* Some symmetry at front facades or around entries will be used to create balance in the overall form. Entry view corridors terminating at blank walls and/or blank building elevations shall be discouraged. Views of elevations of multifamily structures with exterior walkways serving as common access for dwellings on second and third floors shall be screened from public rights-of-way either through building orientation or other architectural or landscape elements.
 2. *Roof form.* Roof massing will be varied with a strong cornice line. Clay, concrete tile, and slate will be used predominantly with consistent earthtone colors.
 3. *Details.* Simple cornices, moldings, projections and recesses, and integral-colored accent materials such as ceramic tile, brick, garden walls (stone or painted stucco) and picket gates will be used.
 4. *Site design.* Terraces, plazas, arcades, colonnades, and pergolas will be used to define pedestrian areas.
 5. *Building heights along arterial roadways.* Residential structures adjacent to arterial roadways shall not exceed two stories.
 6. *Architectural features.* Architectural features (not including chimneys) on individual residential structures may in limited circumstances exceed the established height limit by a maximum of 10 percent of the roof area on which the structure is secured but in no event shall exceed 10 feet above applicable zoning district height limit.
- F. *Industrial architecture.* The industrial portion of the planning area will have a clean and contemporary architectural style, similar to Irvine Spectrum. In conjunction with each tentative tract map ("B" map) or parcel map for medical and science parcels adjacent to areas zoned residential, the applicant shall demonstrate how medical and science uses will be compatible with residential uses with particular reference to proposed building heights, locations of loading docks and storage areas, treatment of parking areas, and proposed landscaping. Vehicular access between medical and sciences uses and adjacent residential development shall be evaluated at the time of tentative tract maps ("B" maps) or parcel maps. Vehicular access shall be designed so that conflicts with residential neighborhoods are minimized.
- G. *Landscape setbacks.* The landscape setbacks for the project edge shall be in accordance with Exhibit C. Additionally, streetscapes required with development of Planning Area 6 shall be consistent with the City of Irvine Master Streetscape Plan.
- H. *Alternative setback standards.* Alternative setback standards for setbacks internal to the planning area may be approved in conjunction with any subsequent Planning Commission approval. A description of the proposed setbacks and how they differ shall be submitted. The Planning Commission will consider the following criteria and may appropriate findings, if necessary.
1. *General character.* Relationship in scale, bulk, coverage and density with surrounding land uses.

2. *Quality of life.* Whether the proposed alternative standard will result in an adverse impact on existing neighborhoods.
 3. *Suitability.* The physical suitability of the site for the proposed project.
 4. *Limitations.* Such setbacks shall not be used to deviate from setbacks established for village edges.
- I. *Affordable housing.* In conjunction with the submittal of the first tentative map for residential purposes in Area 8.1A, the applicant shall submit an amendment to the comprehensive affordable housing program covering Planning Areas 1, 5, 6, 8, and 9, as adopted, consistent with City Council Ordinance No. 02-09.
- J. *Traffic calming, pedestrian/bike access.* In conjunction with the submittal of the first tentative map for residential purposes in Area 8.1A, the applicant shall demonstrate traffic calming measures to mitigate vehicle speeds on the main internal street routes within the development. Additionally, the applicant shall incorporate design features which provide reasonable direct pedestrian/bike access to 1) the Orange County Great Park from this development via the proposed pedestrian/bike overcrossing of Irvine Boulevard, and 2) from Irvine Boulevard to the nearby shopping center at Irvine Boulevard/Sand Canyon intersection.
- (Ord. No. 12-01, § 5 (Exh. A), 1-24-12)

CHAPTER 9-6. - PLANNING AREA 6 (PORTOLA SPRINGS)*

- Sec. 9-6-1. Land use zoning map.
- Sec. 9-6-2. Introduction.
- Sec. 9-6-3. Statistical analysis.
- Sec. 9-6-4. Land use regulations.
- Sec. 9-6-5. Development standards for Area 2.3K.
- Sec. 9-6-6. Reserved.
- Sec. 9-6-7. Special development requirements for Area 2.3K.
- Sec. 9-6-8. Special development requirements for Area 2.3M.
- Sec. 9-6-9. Special development requirements for Area 8.1A.

Sec. 9-6-1. Land use zoning map.

(See Planning Area 6 map following Section 9-6-5)
(Code 1976, § V.E-806.1; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 03-33, § 6, 1-22-04; Ord. No. 06-17, § 4, 9-26-06)

Sec. 9-6-2. Introduction.

- A. Planning Area 6 is generally bounded by Jeffrey Road and SR-I33 to the west, PA 51 (Orange County Great Park) to the south, PA 3 to the north and the City sphere boundary to the east.
- B. Planning Area 6 is intended to be a mixed-use village which provides for a full range of residential densities, commercial centers, recreation facilities, and office/high technology uses.

(Code 1976, § V.E-806.2; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 00-02, § 4, 2-8-00; Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 09-02, § 3, 3-24-09)

Sec. 9-6-3. Statistical analysis.

			Building Intensity Standard				
General Plan Category	Zoning Number	Zoning District	Maximum Regulatory Dwelling Units	Additive Dwelling Units ²	Maximum Regulatory Square Feet	Additive Square Feet ²	Gross Acres *
Conservation and Open Space:							
Exclusive Agriculture	1.1	Agriculture	0	0	0	0	205
Preservation	1.4	Preservation	0	0	0	0	1,178
Recreation	1.5	Recreation	0	0	0	0	172
Water bodies	1.6	Water bodies	0	0	0	0	22
Residential:							
Medium Density	2.3K	Medium Density	*** 4,500	0	0	0	1,078

* Editor's note— Ord. No. 09-02, § 3, adopted March 24, 2009, amended the Code by amending the title of Chapter 9-6.

	2.3M	Medium Density	170	0	0	0	51
Multi-Use:							
Multi-Use	3.1	Multi-Use	**	0	125,000	0	20
	8.1A	Trails & Transit Oriented Development	See Special Development Standards		See Special Development Standards	0	58
Commercial:							
Community Commercial	4.2	Community Commercial	0	0	175,000	0	23
Industrial:							
Research/Industrial	5.5F	Medical and Science	0	0	0	0	0
Institutional:							
Public Facilities	6.1	Institutional	0	0	0	0	0
Unallocated Dwelling Units ¹	n/a	n/a	0	0	0	0	0
PLANNING AREA TOTAL			*** 4,670	0	**** 800,000	0	2,807

*ROW for SR-241/SR-133 is excluded.

**Any residential units in the Multi-Use category shall be taken from the Medium Density category and transferred units.

***Maximum units may be exceeded pursuant to Sections 9-6-7.B and 9-6-9.B.

****A maximum of 800,000 square feet of nonresidential intensity has been established for this planning area; however, up to 790 dwelling units (in excess of 4,670) may be substituted for nonresidential square footage in terms of equivalent traffic generation as set forth in Section 9-6-9.B.

¹ Unallocated dwelling units represent those units remaining in a planning area that may be built anywhere in the same planning area. These units are within the maximum development intensity for the planning area; and, therefore, placement of unallocated units into any residential category within the planning area for purposes of development is determined to be consistent with the General Plan and Zoning Code with regard to intensity allocation only, provided that placement is otherwise consistent with site specific zoning regulations and that any potential environmental impacts are adequately addressed, including traffic impacts, pursuant to CEQA.

² See Section 9-0-3.C. Building intensity standards.

(Code 1976, § V.E-806.3; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 03-33, § 6, 1-22-04; Ord. No. 06-17, § 4, 9-26-06; Ord. No. 12-01, § 5 (Exh. A), 1-24-12; Ord. No. 12-09, § 3 (Exh. A), 5-22-12)

Sec. 9-6-4. Land use regulations.

See Section 3-3-1 (Land use matrix).

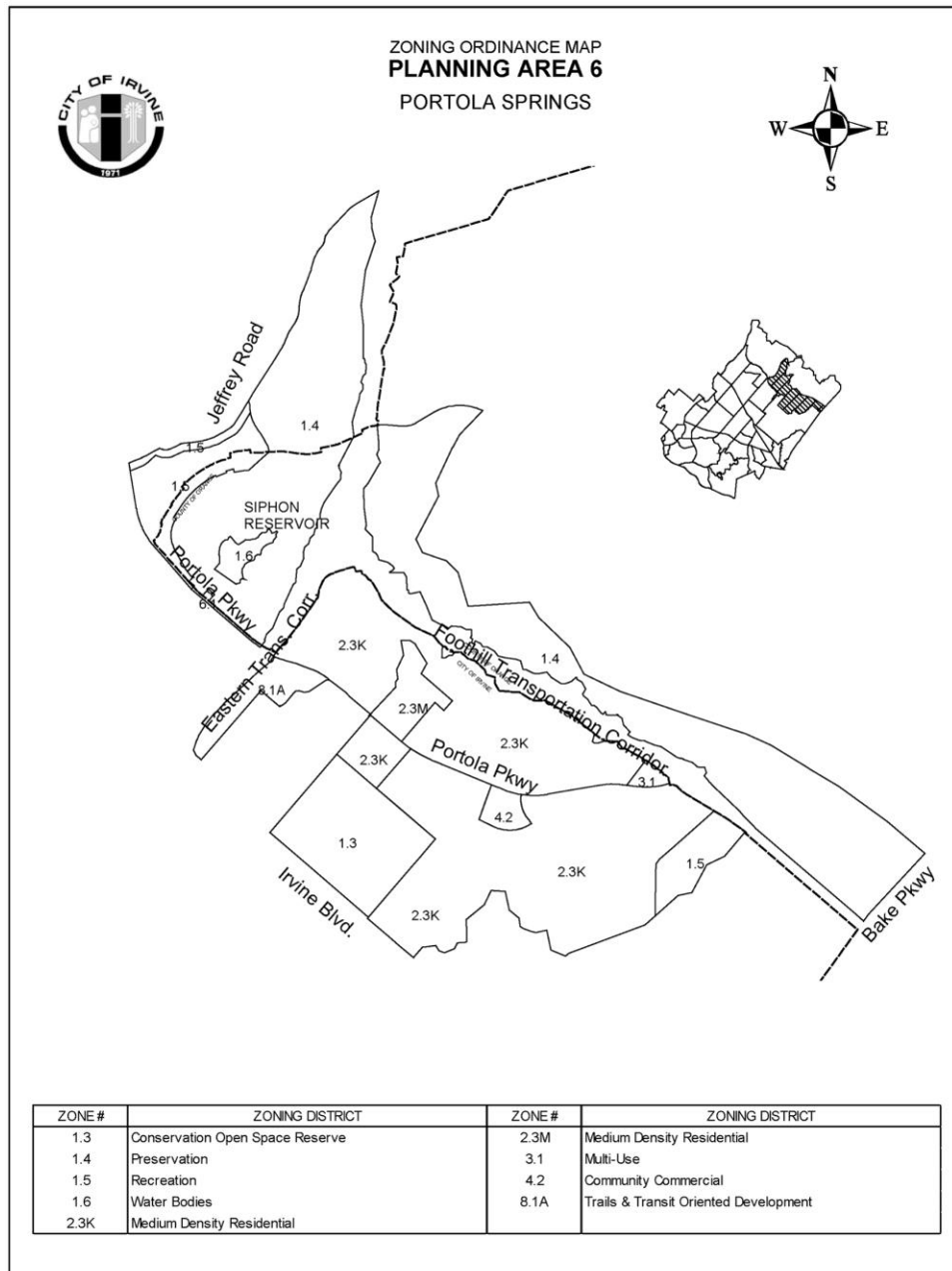
(Code 1976, § V.E-806.4; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95)

Sec. 9-6-5. Development standards for Area 2.3K.

(City-wide regulations can also be found in Division 3.)

Individual residential projects in Medium Density category 2.3K may exceed 12.5 dwelling units/net acre. However, no individual project may exceed 31.0 dwelling units/net acre and the overall density within 2.3K cannot exceed 12.5 dwelling units/net acre. For projects within Area 2.3K, the actual net density of individual projects will determine the development standards to be applied according to Sections 3-37-13, 3-37-14, 3-37-15 and 3-37-16, as applicable.

(Code 1976, § V.E-806.5; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 02-09, §§ 1—7, 6-11-02)



Sec. 9-6-6. Reserved.

Sec. 9-6-7. Special development requirements for Area 2.3K.

A. Affordable housing.

1. The affordable housing needs goal of 15 percent (5 percent Income I, II; 5 percent Income III; and 5 percent Income IV) of the actual number of units built in Planning Area 6 may be met utilizing the menu option as established in the Housing Element. The achievement of the Income I, II and III affordable housing goals is contingent upon the availability of financial incentives which bridge the gap between the actual cost of construction of a market unit and an affordable unit. The City will provide available financial assistance to help achieve the affordable housing needs goal for these planning areas.
2. In conjunction with the submittal of the first tentative map within this planning area, the applicant shall submit a comprehensive affordable housing program covering Planning Areas 5, 6, 8, and 9 as called for in Chapter 2-3 of the Zoning Code. The affordable housing goal of 15 percent (5 percent Income I, II; 5 percent Income III; and 5 percent Income IV) of the actual number of units built shall be addressed in the affordable housing program. The program shall be reviewed by the Planning Commission prior to its approval of the first tentative map and approved by the City Council prior to recordation of the first final map.

B. Maximum dwelling units. Notwithstanding the provisions of Section 9-6-3, a total maximum of 300 dwelling units may be transferred by the landowner from Planning Area 5B and/or Planning Area 9 into Planning Area 6. In addition, up to 226 dwelling units may be transferred from Area 8.1A to Area 2.3K within Planning Area 6.

C. Parks. The locations of public parks are conceptually shown on Exhibit B. Private parks will also be provided in order to meet local park requirements. With the first residential tract map submitted for development in Planning Areas 5 (Area 2.3I), 6, 8 (Area 2.3H), and 9, a comprehensive community park plan addressing community park requirements for Planning Areas 5 (Area 2.3I), 6, 8 (Area 2.3H), and 9 will be submitted by the applicant. This park plan may also address community park requirements for other planning areas, including, but not limited to, Planning Areas 1 and 2.

1. The community park requirement for PA 6 will be satisfied by the dedication of parkland and/or construction of park improvements for a community park centrally located within Planning Area 6 as conceptually shown on Exhibit B.
 - a. The community park shall be a minimum of 20 acres. This community park may fulfill a portion of the community parks requirement for PA 9.
 - b. The second community park conceptually shown on Exhibit B at the northeast corner of Jeffrey Road and Portola Parkway may satisfy community park requirements for Planning Areas 5, 8 and 9.

D. Arterial highways. The following arterials are located adjacent to or within Planning Area 6:

<i>Arterial Highway/Freeway/Tollway</i>	<i>General Plan Classification</i>
Jeffrey Road	Thruway
Irvine Boulevard	Thruway
Portola Parkway	Thruway
Foothill Transportation Corridor	Transportation Corridor
Eastern Transportation Corridor	Transportation Corridor

- E. *Eucalyptus trees.* The existing eucalyptus windows in PA 6 will be retained in median landscaping, landscaped setbacks, parks, the Jeffrey Open Space Trail, trails and areas adjacent to open space to the extent trees are deemed sufficiently healthy for preservation in accordance with a survey conducted by a certified arborist and do not conflict with fuel modification requirements and do not conflict with infrastructure improvements.
- F. *Preservation/NCCP Reserve dedication.* Prior to or concurrent with the recordation of the first subdivision map in PA 6, the applicant shall record an offer of dedication in favor of the City for Area "R" as shown on Exhibit A. Such offer will be in compliance with Section 8-14-1 and may be accepted by the City no sooner than 90 days following issuance of building permits for 75 percent of the 4,500 total dwelling units permitted and 75 percent of the total square feet of industrial structures, or at the completion of development within the planning area.
1. Any trails in the NCCP Reserve and/or preservation area will be designed, constructed, owned and maintained by the City of Irvine or its designee.
 2. Because the NCCP Reserve and Preservation category are co-terminus in this dedication, the NCCP shall serve as the Open Space and Management Plan required under Section 9-16-1.
- G. *Pedestrian links.* Sidewalks will be located on public streets in accordance with City plans and guidelines. Sidewalks on private streets may vary from standard City plans where appropriate to reduce grading or provide better pedestrian linkages. Pedestrian walks should link commercial sites, schools, parks and residential neighborhoods. With the submittal of the first residential tract map, a Master Plan of bicycle and pedestrian trails will be provided.
- H. *Jeffrey Open Space Trail.* The Jeffrey Open Space Trail (JOST) within Planning Area 6 will provide a continuous open space edge the eastern side of the ultimate alignment of Jeffrey Road from Portola Parkway to the NCCP boundary. The JOST shall be the equivalent of 325 feet in width as measured from the Jeffrey Road curb face (approximately 28 acres). JOST width may vary, but may not be less than 200 feet. The JOST will serve as the village edge for the adjoining development areas, and no further village edge dedications or improvements will be required. Improvement of the JOST shall be consistent with the design character listed in Section 9-6-7.H. JOST improvements may be proposed by the applicant in lieu of dedication, as generally defined in Section 5-5-1004.F.1 of the Municipal Code (in effect at the time of approval of this zoning) and in accordance with this section.

1. *JOST function.*

- a. The JOST shall provide a place that will accommodate public trail and passive open space uses and which will achieve the following objectives:
 - (1) Provide a Class I bicycle trail, and where deemed appropriate, an unpaved pedestrian trail.
 - (2) Include features such as, but not limited to, riparian elements, water quality elements, picnic areas, shade structures, restrooms and other passive recreational improvements.
 - (3) Establish landscape and landforms that will provide the trail user with a meandering separation from Jeffrey Road, a village edge for newly developed planning areas, and a landscape buffer between new development and Jeffrey Road.
- b. Permitted uses: Except for utilities and General Plan roadway improvements, surface uses will be limited to trails, and associated passive public recreation and park-and-ride facilities. For the purposes of the JOST, features identified in Subsection H.1.a(2) are considered passive recreation.

2. *Overall park design.* North of the I-5 Freeway, to the NCCP boundary in Planning Area 6 (approximately 117 acres), design of the overall Jeffrey open space spine shall be approved as a park design pursuant to Section 2-22-4.

Design concepts to be included in the overall design shall be consistent with the Jeffrey Open Space Trail consensus plan reviewed by City Council on September 25, 2001. The design shall address grade separated crossings and undergrounding any overhead utility lines, including costs, timing, and responsible entities.

Adoption of this overall park design shall establish parameters by which JOST segments will be approved as adjacent development proposals are processed. It is also anticipated that an implementation agreement between The Irvine Company and the City documenting mutual understandings related to implementation issues such as costs, timing, and responsibilities will be approved as a part of this process.

This overall park design shall be reviewed by the Planning Commission, the Community Services Commission, and shall be approved by the City Council.

3. *Segment design approval process.*

- a. *Segment park design.* In conjunction with an application for any subdivision map or community park plan adjacent to the spine, a segment park design for the adjacent JOST segment shall be submitted to the City by the applicant. The plan shall include:
 - (i) JOST dimensions and acreage;
 - (ii) Trails and pedestrian access to trails;

- (iii) Landscape elements;
 - (iv) Conceptual plant palette;
 - (v) Planned vehicular access or crossings;
 - (vi) Special design features; and
 - (vii) Passive recreational amenities and improvements.
- b. *Request for improvements in lieu of dedication.* Should improvements in lieu of land dedication be proposed by the applicant, fair market value and improvement costs shall be established in the manner defined in Section 5-5-1004 of the Municipal Code or by means mutually acceptable to the applicant and the Director of Community Services. Any modifications to the design through the approval process will be addressed by the implementation agreement noted in Section 9-6-7-H.2.
 - c. *Segment plan approval.* If the City adopts an overall park design, the segment park design shall be approved by the Directors of Community Development and Community Services, provided the segment park design is deemed consistent with the overall park design. In the event the overall park design has not received approvals or if the segment park design is not consistent with an approved overall park design, the segment park design shall be subject to final approval by the Community Services Commission. Appeals of decisions related to the segment park design shall be to the City Council.

4. *JOST improvement.*

- a. The project developer's financial obligation to improve the JOST is limited to costs of construction of a permanent trail to be built in accordance with the City's 1985 "Guidelines for Bicycle Facilities in Irvine" (excluding grade separations used solely for trail systems).
- b. Prior to issuance of the first precise grading permit for property adjacent to the JOST, the developer shall commence construction of an 11-foot bicycle/pedestrian trail and all improvements in lieu of dedication, if any, within the adjacent spine segment. Once commenced, the entire segment shall be completed in a single phase.
- c. Any grade-separated crossings shall be constructed and maintained by the City unless otherwise agreed to by the developer consistent with Subsection H.2 herein. The City shall also maintain the bicycle/pedestrian trail, landscaping and all other improvements within the JOST.

5. *JOST conveyance.*

- a. Prior to the release of a final map for an area adjacent to the JOST, or the approval of any other conveyance document created for transfer of ownership of any community park land adjacent to the JOST to the City, the applicant shall

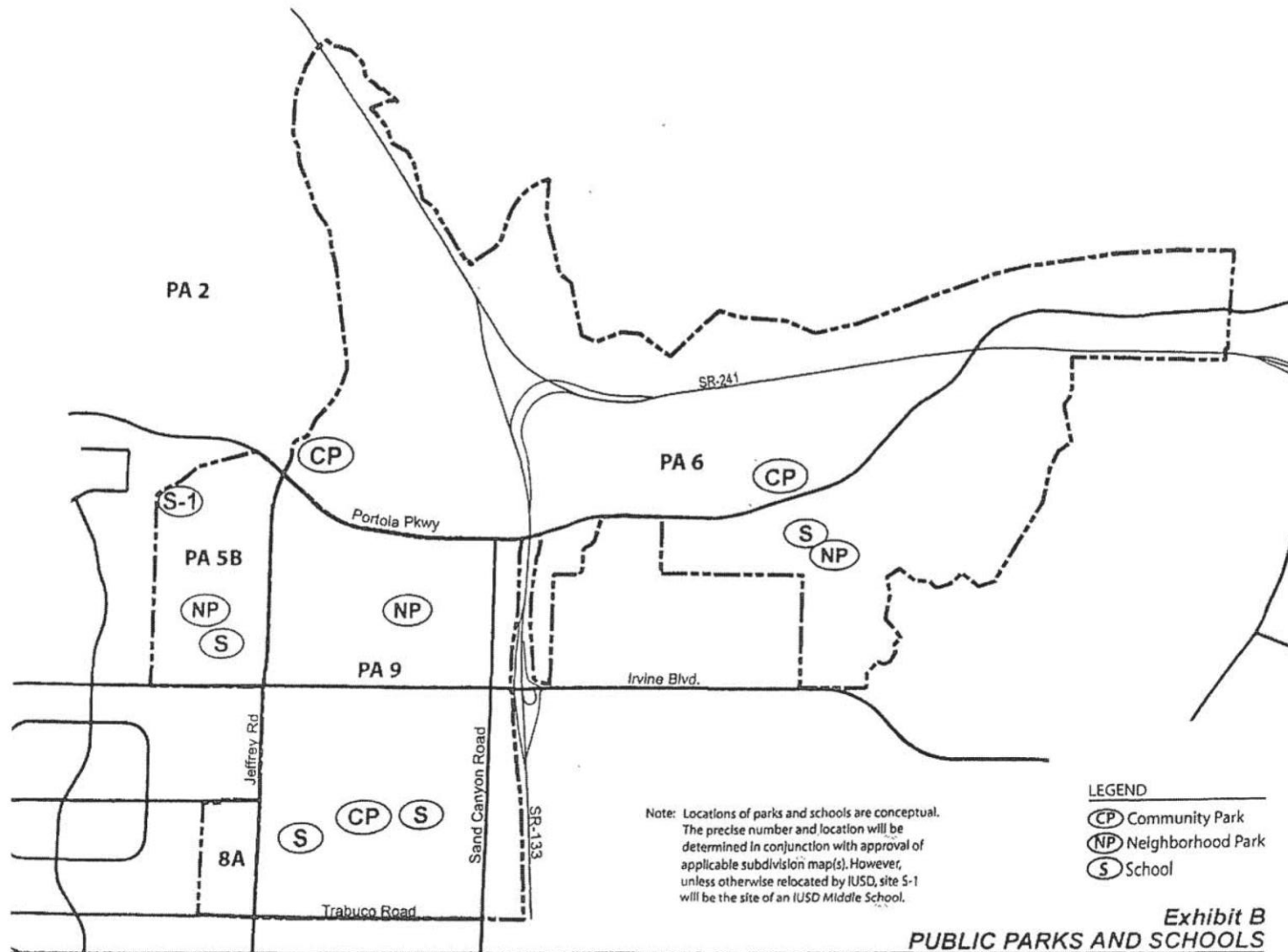
submit for review to the satisfaction of the Director of Community Development and the City Attorney, the form of an irrevocable offer of dedication to the City of Irvine for the JOST segment adjacent to the development.

- b. The City shall accept the offer of dedication for the JOST and improvements in a timely manner following final inspection of improvements: within 90 days of improvements including landscaping, or within 30 days if the improvements include only the trail. The trail shall not be opened for public use until the City has accepted the offer of dedication.
- I. *Trails.* Prior to approval of the first residential tentative tract map within this planning area, the applicant shall submit a master trails plan, which addresses public and private trails and linkages, public viewpoints, public access points to the open space, signage, and construction phasing of trails. This plan shall include a pedestrian link along Portola Parkway connecting Sand Canyon Avenue through the planning area to the Transportation Corridor and the open space in the eastern part of the village. This plan shall be consistent with the General Plan Trails Network Figure B-4 and also demonstrate how access to dedicated open space will be controlled and managed by the City through fencing or other means. The master trails plan shall be submitted for review and comment by the Community Services Commission and approved by the Planning Commission.
- J. *Hicks Canyon Wash Trail Extension.* At the time that Jeffrey Road is constructed north of Portola Parkway, the existing Hick's Canyon Wash Trail shall be extended as an under-crossing of Jeffrey Road to accommodate connection to the Jeffrey Open Space Trail.
- K. *Village theme.* The architectural design shall address detail articulated on all sides of the structures visible from streets, paseos, and other public areas. Particular attention shall be given to windows, balconies, doors, and other design elements. The elements and qualities which shall be encouraged are human scale and privacy, play of light using shade and shadows to provide relief, and variations in roof lines. Large blank walls with minimal detail shall be discouraged.
- L. *Residential/community commercial architecture.* A variety of architectural styles and forms will be used to express differences among projects and neighborhoods within the planning area. Variations of the following elements may be used by the developer:
 - 1. *Overall form.* Some symmetry at front facades or around entries will be used to create balance in the overall form. Entry view corridors terminating at blank walls and/or blank building elevations shall be discouraged. Views of elevations of multifamily structures with exterior walkways serving as common access for dwellings on second and third floors shall be screened from public rights-of-way either through building orientation or other architectural or landscape elements.
 - 2. *Roof form.* Roof massing will be varied with a strong cornice line. Clay, concrete tile, and slate will be used predominantly with consistent earthtone colors.
 - 3. *Details.* Simple cornices, moldings, projections and recesses, and integral-colored accent materials such as ceramic tile, brick, garden walls (stone or painted stucco) and picket gates will be used.

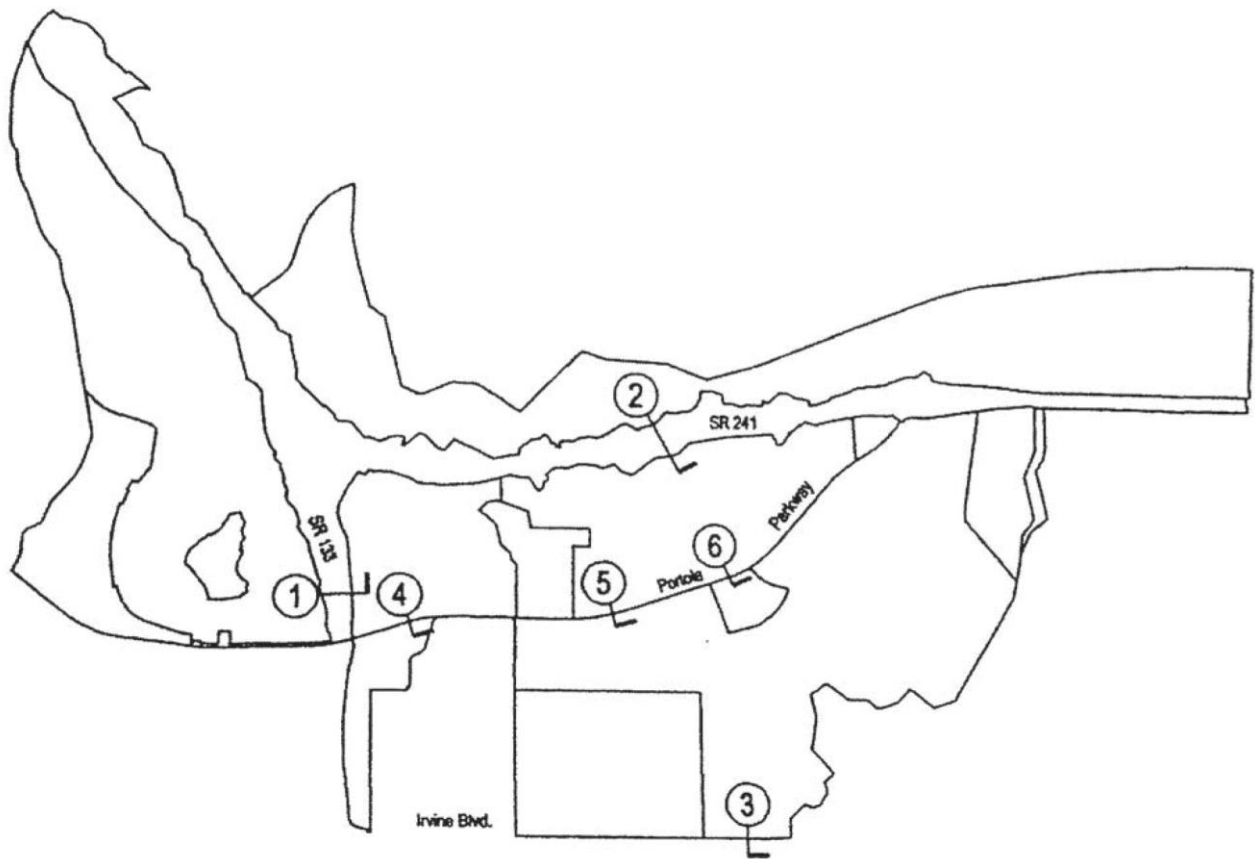
4. *Site design.* Terraces, plazas, arcades, colonnades, and pergolas will be used to define pedestrian areas.
 5. *Building heights along arterial roadways.* Residential structures adjacent to arterial roadways shall not exceed two stories.
 6. *Architectural features.* Architectural features (not including chimneys) on individual residential structures may in limited circumstances exceed the established height limit by a maximum of 10 percent of the roof area on which the structure is secured but in no event shall exceed 10 feet above applicable zoning district height limit.
- M. *Industrial architecture.* The industrial portion of the planning area will have a clean and contemporary architectural style, similar to Irvine Spectrum. In conjunction with each tentative tract map ("B" map) or parcel map for medical and science parcels adjacent to areas zoned residential, the applicant shall demonstrate how medical and science uses will be compatible with residential uses with particular reference to proposed building heights, locations of loading docks and storage areas, treatment of parking areas, and proposed landscaping. Vehicular access between medical and sciences uses and adjacent residential development shall be evaluated at the time of tentative tract maps ("B" maps) or parcel maps. Vehicular access shall be designed so that conflicts with residential neighborhoods are minimized.
- N. *Landscape setbacks.* The landscape setbacks for the project edge shall be in accordance with Exhibits C. Additionally, streetscapes required with development of Planning Area 6 shall be consistent with the City of Irvine Master Streetscape Plan.
- O. *Alternative setback standards.* Alternative setback standards for setbacks internal to the planning area may be approved in conjunction with any subsequent Planning Commission approval. A description of the proposed setbacks and how they differ shall be submitted. The Planning Commission will consider the following criteria and may appropriate findings, if necessary:
1. *General character.* Relationship in scale, bulk, coverage and density with surrounding land uses.
 2. *Quality of life.* Whether the proposed alternative standard will result in an adverse impact on existing neighborhoods.
 3. *Suitability.* The physical suitability of the site for the proposed project.
 4. *Limitations.* Such setbacks shall not be used to deviate from setbacks established for village edges.
- P. *Multi-use.* The Multi-Use category may be developed with a single land use.
- Q. *Child care.*
1. The need for child care facilities shall be recognized in the development of Planning Area 6. Prior to the approval of the first tentative tract map for the residential portion of this planning area, the number of private sector child care slots to be provided will be

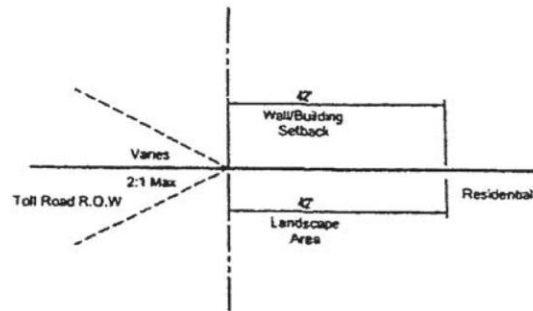
determined by the City and the developer in accordance with the City policy in effect at that time. The number of slots will be based on the actual number of residential units to be built and on a determination of child care needs within the planning area.

2. Prior to the approval of the first tentative tract map for the residential portion of this planning area, the applicant shall address the following when locating any child care center:
 - a. The location of any child care center(s) shall be determined.
 - b. The size of any parcel that is designated for a potential child care center.
 - c. Child care centers shall be compatible with adjacent uses. Development of a child care center in conjunction with proposed elementary schools and adjacent to neighborhood parks, residential developments and/or neighborhood commercial centers shall be encouraged.
 - d. In locating a child care center, the proposed site shall be evaluated with regard to factors that might be detrimental to the public health, safety, or welfare, including, but not limited to, proximity to high-traffic-volume roadways, hazardous materials, and major generators of traffic.
- R. *Hydrology.* In conjunction with the submittal of specific development plans, the applicant shall demonstrate that storm drain systems will include project design features for treatment of project related stormwater runoff to improve the quality of discharges into San Diego Creek. This will be addressed as follows:
 1. BMPs (for example, BMPs that achieve similar performance per National BMP Database ratings as catch basin inserts) will be designed to infiltrate, filter or treat the volume of runoff produced by either (a) a 24-hour 85th percentile storm event (runoff from 0.75 inch, 24-hour storm), or (b) the maximum flow rate of runoff produced by a rainfall intensity of 0.2 inch of rainfall per hour.
- S. *Circulation.* In conjunction with the submittal of any traffic study for this planning area, alternative solutions for any proposed triple left turn lanes shall be identified.
- T. *Trip monitoring.* Prior to the approval of any discretionary application for new development, the applicant shall submit to the Community Development Department a table documenting the cumulative total of approved development and trips within Area 2.3K, in a manner meeting the approval of the Director of Community Development to ensure the overall average daily trips (ADT) do not exceed the 95,019 ADT as mitigated by prior payment of NITM fees.

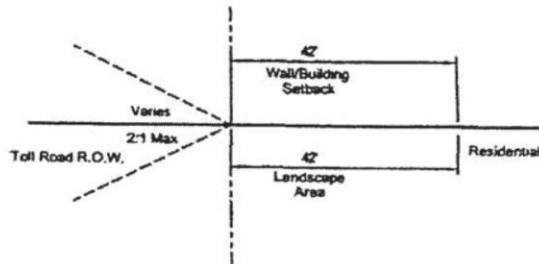


KEY MAP

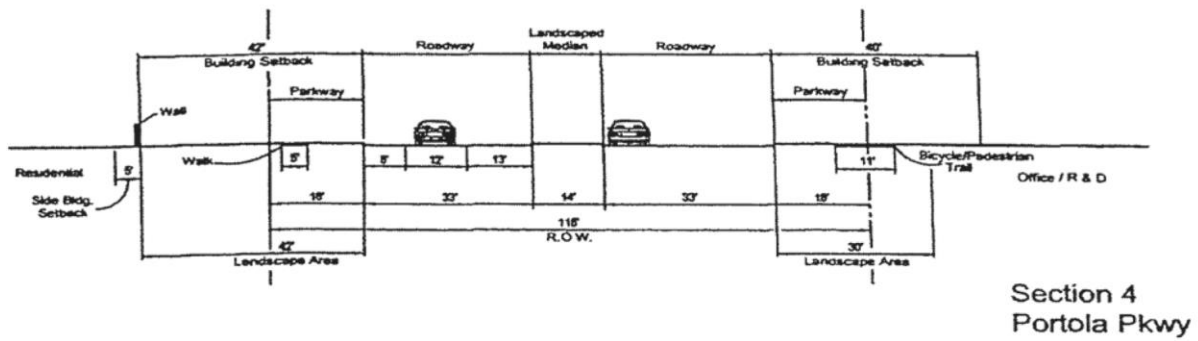
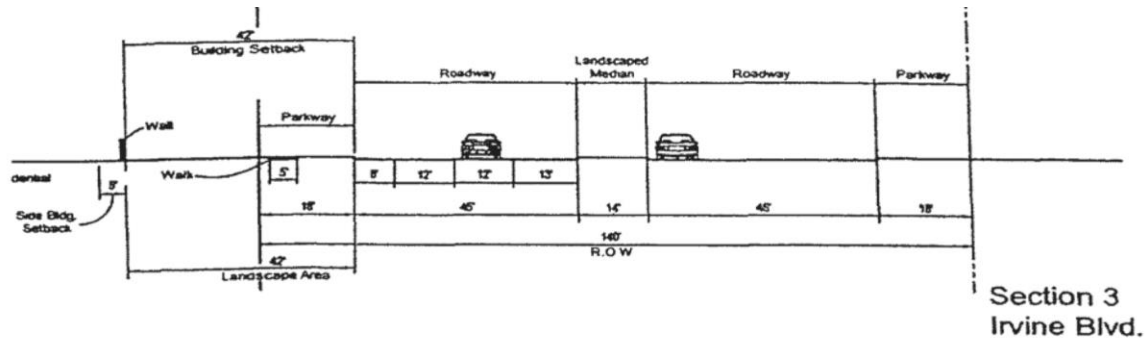




Section 1
State Route 133

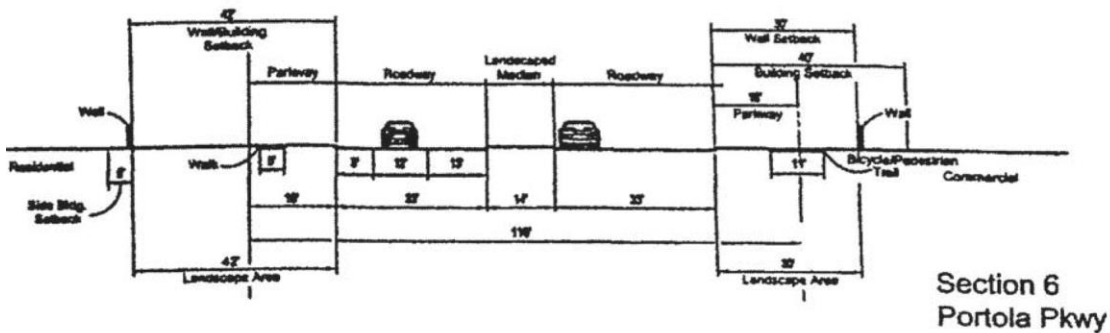
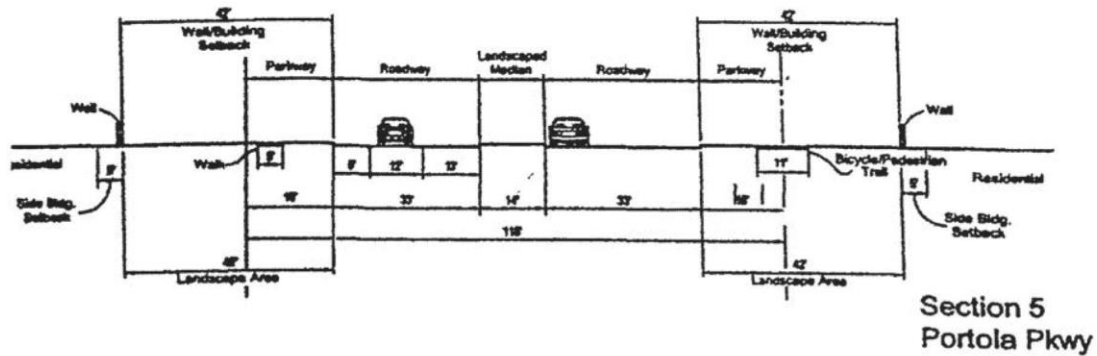


Section 2
State Route 241



SECTIONS
Planning Area 6

Exhibit C-2



SECTIONS Planning Area 6

Exhibit C-3

(Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 03-33, § 6, 1-22-04; Ord. No. 04-03, § 3, 2-24-04; Ord. No. 09-02, § 3, 3-24-09; Ord. No. 12-01, § 5 (Exh. A), 1-24-12)

Sec. 9-6-8. Special development requirements for Area 2.3M.

1. *Village theme.* The village or "neighborhood" theme of the site should be reminiscent of villages of early California, a neighborhood where the different design elements such as a diversity of home types, roadways, parks and open space are woven together to create a cohesive community. The project site plan should also reinforce the connection between the existing "flatland" and "hillside" areas.
2. *Architectural design.* The architectural design shall address detail articulation on all sides of the structures visible from streets, paseos and other public areas. Particular attention shall be given to windows, balconies, doors and other design elements. The elements and qualities that shall be encouraged are pedestrian scale and privacy, play of light using

shade and shadows to provide relief and variations in roof-lines. Large blank walls with minimal detail shall be discouraged.

3. *Architectural features.* Architectural features on individual residential structures may in limited circumstances exceed the established height limitation by a maximum of 10 percent of the roof area on which the structure is secured but in no event shall exceed 10 feet above applicable zoning district height limit.
4. *Parks.* With the submittal of a vesting tentative tract map for development of Lambert Ranch, the applicant will submit a park plan in accordance with Chapter 2-22. The park plan will address the community and neighborhood park dedication requirements for Lambert Ranch.
 - a. Neighborhood parks shall be located within the Lambert Ranch development. The aesthetic design goal of the parks shall be to preserve and enhance the existing landscape attributes of the site. Neighborhood parks shall be located to provide convenient pedestrian access from residential units.
 - b. The community park requirement for Lambert Ranch will be satisfied by the provision of park in-lieu fees per Section 5-5-1004, subdivision ordinance.
5. *Pedestrian network.* Pedestrian circulation is provided through a network of sidewalks and pedestrian paseos. The network has been designed to encourage pedestrian circulation, enhancing a sense of community and to provide access between residential units and the neighborhood parks and open space system, adjacent community park, schools, commercial sites, and residential neighborhoods. Where sidewalks are not provided along private ways or driveways, pedestrian access to units shall be provided from a pedestrian paseo. A minimum of five-foot width shall be provided for walks along key pedestrian corridors, including along the neighborhood park, Esplanade, Paseos and along Portola Parkway. A four-foot width will be limited to sidewalks along interior residential streets.

No lot with frontage on C Drive East and West will be located more than 150 feet from a pedestrian access connecting the private drive to the interior paseo system.
6. *Streets and private ways.* Streets shall be designed to encourage "traffic calming" and enhance pedestrian circulation. "Traffic calming" techniques, such as narrower street, choker and special pavement, are encouraged to minimize vehicular speed.
7. *Landscaping.* Landscape character shall be compatible with adjacent planning areas through continuation of the general character of plantings along Portola Parkway consistent with the City of Irvine Master Streetscape Plan. The existing early California landscape character of the hillside shall be enhanced with informal native, naturalized and ornamental plantings, while the "flatland" development shall have a combination of formal and informal landscape plantings. Entry landscape treatment shall occur at the primary neighborhood entry from Portola Parkway and secondary entry from Ridge Valley.
8. *Eucalyptus trees.* The existing eucalyptus windows on the project site will be retained in landscape setbacks and paseos to the extent the trees are deemed sufficiently healthy for preservation in accordance with a survey conducted by a certified arborist and do not

conflict with fuel modification requirements and do not conflict with infrastructure improvements. A eucalyptus tree report will be provided and approved by the City of Irvine.

9. *Alternative setback standards.* Alternative setback standards for setbacks internal to the planning area may be approved in conjunction with any subsequent Planning Commission approval. A description of the proposed setbacks and how they differ shall be submitted. The Planning Commission will consider the following criteria and may appropriate findings, if necessary:
 - a. *General character:* Relationship to scale, bulk, coverage and density with surrounding land uses.
 - b. *Quality of life:* Whether the proposed alternative standard will result in an adverse impact on existing neighborhoods.
 - c. *Suitability:* The physical suitability of the site for the proposed project.
 - d. *Limitations:* Such setbacks shall not be used to deviate from setbacks established for village edges.
10. *Libraries.* In the event that a City-wide library impact fee is adopted and in force, the developer shall pay this fee prior to issuance of building permits for new development.
11. *Lambert's residence.* The 1.67-acre remainder parcel for vesting tentative tract map 16868 shall not be further subdivided to create additional buildable lots for future development. (Ord. No. 06-17, § 4, 9-26-06)

Editor's note— Ord. No. 06-17, § 4, adopted September 26, 2006, amended the Code by adding a new section to be numbered 9-6-7. In order to prevent duplication of section number, the section has been renumbered at the discretion of the editor.

Sec. 9-6-9. Special development requirements for Area 8.1A.

- A. *Trails and Transit Oriented Development.* The 8.1A Trails and Transit Oriented Development zoning district allows a variety of uses on the same site consistent with the Multi-Use land use category as defined in the General Plan. The Trails and Transit Oriented Development designation allows for a mix of residential, commercial, recreational, and education uses that support a multi-use environment, and which is complementary to the 8.1 Trails and Transit Oriented Development District located in PA 51 and to the Orange County Great Park. Pedestrian paths and trails, including, but not limited to, bike paths, sidewalks, and recreational trails, shall be encouraged in the Trails and Transit Oriented Development District. The variety of trails types and transit choices are intended to provide connectivity to the Orange County Great Park, the 8.1 Trails and Transit Oriented Development District in Planning Area 51, to public open space outside the Orange County Great Park, and to other nearby areas.

Development in Area 8.1A shall:

- Promote residential communities that are physically connected to each other. Foster community and connectedness between adjacent land uses.

- Promote livability, transportation efficiency, and walkability.
- Allow residential dwelling units to be mixed with other uses providing choices in location, type and size based on compatibility with surrounding uses.
- Promote the development of trails that serve as recreational opportunities and as transportation connections between residential uses, commercial and industrial uses, the Orange County Great Park and transportation hubs.
- Encourage clustering of residential units, where feasible, to provide for opportunities to develop public and private open spaces within the development.
- Promote a diversity of housing types to accommodate a range of economic levels and age groups to live within a community.
- Provide appealing and functional pedestrian street environments to promote pedestrian activity.
- Encourage vertical and horizontal integration of commercial office and retail land uses into the residential development, where feasible.

In addition, the following planning standards shall apply throughout Area 8.1A:

1. Allowable residential units may be mixed with other uses providing choices in location, type and size based on compatibility with surrounding uses. Clustering of residential units shall be encouraged to provide for greater opportunities to develop neighborhood parks as well as public and private open spaces within the development.
2. Reserved.
3. Community and neighborhood park requirements shall be provided in accordance with City of Irvine Park Code.
4. The inclusion of alternative educational, vocational, R&D, business and office facilities in the form of high technology research and vocational centers, business incubators, community outreach partnership centers, conference and group presentation facilities within a "campus commons" framework shall be allowed.
5. The introduction of unique land uses that are not specified in the permitted and conditionally permitted uses but fit within the intent of Area 8.1A shall be encouraged subject to an initial determination by the Director of Community Development and subsequently, subject to a conditional use permit approved by the Planning Commission.

B. Reserved.

C. Reserved.

- D. *Changes in intensities.* The Statistical Analysis table (Section 9-6-3) shall be administratively adjusted to reflect the allocation of development intensity as approved by applicable discretionary case applications for Areas 2.3K and 8.1A.
- E. *Residential/community commercial architecture.* A variety of architectural styles and forms will be used to express differences among projects and neighborhoods within the planning area. Variations of the following elements may be used by the developer.
1. *Overall form.* Some symmetry at front facades or around entries will be used to create balance in the overall form. Entry view corridors terminating at blank walls and/or blank building elevations shall be discouraged. Views of elevations of multifamily structures with exterior walkways serving as common access for dwellings on second and third floors shall be screened from public rights-of-way either through building orientation or other architectural or landscape elements.
 2. *Roof form.* Roof massing will be varied with a strong cornice line. Clay, concrete tile, and slate will be used predominantly with consistent earthtone colors.
 3. *Details.* Simple cornices, moldings, projections and recesses, and integral-colored accent materials such as ceramic tile, brick, garden walls (stone or painted stucco) and picket gates will be used.
 4. *Site design.* Terraces, plazas, arcades, colonnades, and pergolas will be used to define pedestrian areas.
 5. *Building heights along arterial roadways.* Residential structures adjacent to arterial roadways shall not exceed two stories.
 6. *Architectural features.* Architectural features (not including chimneys) on individual residential structures may in limited circumstances exceed the established height limit by a maximum of 10 percent of the roof area on which the structure is secured but in no event shall exceed 10 feet above applicable zoning district height limit.
- F. *Industrial architecture.* The industrial portion of the planning area will have a clean and contemporary architectural style, similar to Irvine Spectrum. In conjunction with each tentative tract map ("B" map) or parcel map for medical and science parcels adjacent to areas zoned residential, the applicant shall demonstrate how medical and science uses will be compatible with residential uses with particular reference to proposed building heights, locations of loading docks and storage areas, treatment of parking areas, and proposed landscaping. Vehicular access between medical and sciences uses and adjacent residential development shall be evaluated at the time of tentative tract maps ("B" maps) or parcel maps. Vehicular access shall be designed so that conflicts with residential neighborhoods are minimized.
- G. *Landscape setbacks.* The landscape setbacks for the project edge shall be in accordance with Exhibit C. Additionally, streetscapes required with development of Planning Area 6 shall be consistent with the City of Irvine Master Streetscape Plan.
- H. *Alternative setback standards.* Alternative setback standards for setbacks internal to the planning area may be approved in conjunction with any subsequent Planning Commission

approval. A description of the proposed setbacks and how they differ shall be submitted. The Planning Commission will consider the following criteria and may appropriate findings, if necessary.

1. *General character.* Relationship in scale, bulk, coverage and density with surrounding land uses.
 2. *Quality of life.* Whether the proposed alternative standard will result in an adverse impact on existing neighborhoods.
 3. *Suitability.* The physical suitability of the site for the proposed project.
 4. *Limitations.* Such setbacks shall not be used to deviate from setbacks established for village edges.
- I. *Affordable housing.* In conjunction with the submittal of the first tentative map for residential purposes in Area 8.1A, the applicant shall submit an amendment to the comprehensive affordable housing program covering Planning Areas 1, 5, 6, 8, and 9, as adopted, consistent with City Council Ordinance No. 02-09.
 - J. *Traffic calming, pedestrian/bike access.* In conjunction with the submittal of the first tentative map for residential purposes in Area 8.1A, the applicant shall demonstrate traffic calming measures to mitigate vehicle speeds on the main internal street routes within the development. Additionally, the applicant shall incorporate design features which provide reasonable direct pedestrian/bike access to 1) the Orange County Great Park from this development via the proposed pedestrian/bike overcrossing of Irvine Boulevard, and 2) from Irvine Boulevard to the nearby shopping center at Irvine Boulevard/Sand Canyon intersection.

(Ord. No. 12-01, § 5 (Exh. A), 1-24-12)

CITY COUNCIL ORDINANCE NO. 18-XX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, APPROVING ZONE CHANGE 00693253-PZC TO AMEND CHAPTER 9-6 OF THE IRVINE ZONING ORDINANCE TO REALLOCATE 226 DWELLING UNITS FROM THE 8.1A TRAILS AND TRANSIT ORIENTED DEVELOPMENT ZONING DISTRICT TO THE 2.3K MEDIUM DENSITY RESIDENTIAL ZONING DISTRICT WITHIN PLANNING AREA 6 (PORTOLA SPRINGS); FILED BY IRVINE COMPANY

WHEREAS, an application for Zone Change 00693253-PZC has been filed by Irvine Company to amend the text of Chapter 9-6 of the Irvine Zoning Ordinance, specific to Planning Area 6, Portola Springs (refer to Exhibit A); and

WHEREAS, Planning Area 6 contains six neighborhoods, most of which are built-out; the two neighborhoods which would benefit from the Zone Change are Neighborhood 5, located at the northeastern edge of the planning area, and Neighborhood 6, located at the western edge; and

WHEREAS, in January 2012, the City Council unanimously approved General Plan Amendment and Zone Change applications, supported by an Addendum to the 2002 Northern Sphere Area Final Program Environmental Impact Report (EIR), to convert approximately 56 acres within Neighborhood 6 from 5.5F Medical and Science to 8.1A Trails and Transit Oriented Development; thereby allowing the applicant the option to build up to 790 residential units in-lieu of non-residential development, as long as there was not a negative impact to traffic; and

WHEREAS, to date, the applicant has constructed 464 units of the 790 units allowed within Neighborhood 6, with the only remaining land being a vacant four-acre parcel owned by the City of Irvine, which is projected to be utilized as a future affordable housing site for approximately 100 dwelling units; and

WHEREAS, the October 2014 Planning Commission staff report for the approval of dwelling units within Neighborhood 6 acknowledged that undeveloped units could be transferred to other portions of the planning area, subject to approval of master plans, associated traffic analysis and environmental review; and

WHEREAS, on August 3, 2017, the Planning Commission approved (Commissioners Bartlett, Kuo, Nirschl and Smith voting in favor and Commissioner Duong absent) an "A" Level Map to overlay Neighborhood 5, thereby establishing 220 acres of land zoned 2.3K Medium Density Residential for future residential development; and

WHEREAS, per the statistical analysis table in Section 9-6-3 of the Irvine Zoning Ordinance there are 894 units remaining to be constructed on the 220 acres of undeveloped land zoned 2.3K Medium Density Residential in Neighborhood 5; and

WHEREAS, the Zone Change application includes revisions to the Zoning Ordinance text to reallocate 226 dwelling units (of the 326 remaining units) from the 8.1A Trails and Transit Oriented Development zoning district in Neighborhood 6 to the 2.3K Medium Density Residential zoning district in Neighborhood 5 of Planning Area 6; and

WHEREAS, the City of Irvine has an adopted Zoning Ordinance which establishes development intensity standards by zoning district for each planning area in the City of Irvine; and

WHEREAS, the Zone Change conforms with the City of Irvine General Plan and Zoning Ordinance; and

WHEREAS, the Zone Change is considered to be a “project” under regulations of the State of California Environmental Quality Act (CEQA); and

WHEREAS, a Program Environmental Impact Report (EIR) for the Northern Sphere Area (State Clearinghouse No. 2001051010) specific to Planning Areas 3, 5B, 6, 9 and a portion of Planning Area 8 has been prepared and was certified by the City of Irvine City Council as adequate; and

WHEREAS, on February 20, 2018, the City of Irvine Transportation Commission considered a traffic report, which was prepared to analyze whether any significant changes would occur to traffic in the vicinity of the unit reallocation, and voted unanimously to approve the findings of the report; and

WHEREAS, on March 1, 2018, the Planning Commission of the City of Irvine considered information presented by the applicant, the Community Development Department, and other interested parties at a continued public hearing, and by a 4-0-1 vote (Commissioners Duong, Kuo, Nirschl and Smith voting in favor and Commissioner Bartlett absent), recommended City Council approval of 1) the Zone Change as shown in Exhibit A, and 2) the classification of the 256 affordable units as additive to the dwelling unit cap for Planning Area 6; and

WHEREAS, on March 8, 2018, a public hearing notice for the March 27, 2018 City Council meeting was published in the *Irvine World News* and, on March 12, 2018, was posted at the project site and at designated City bulletin boards; and

WHEREAS, on March 27, 2018, the Irvine City Council continued the item to April 10, 2018, at the request of the applicant;

WHEREAS, on April 10, 2018, the Irvine City Council continued the item to April 24, 2018, at the request of the applicant;

WHEREAS, on April 24, 2018, the Irvine City Council continued the item to a date uncertain, at the request of the applicant;

WHEREAS, on October 30, 2018, the applicant revised the scope of the proposed Zone Change to reduce the number of units to be transferred from Neighborhood 6 to Neighborhood 5 by 100 units and delete the request for a retroactive “additive” unit classification of the 256-unit affordable housing project in Neighborhood 3 of Planning Area 6; and

WHEREAS, on November 12, 2018, a public hearing notice for the November 27, 2018 City Council meeting was published in the *Orange County Register* and was posted at the project site and at designated City bulletin boards; and

WHEREAS, on November 27, 2018, the Irvine City Council considered the recommendations of the Transportation Commission and Planning Commission, and information presented by the applicant, the Community Development Department, and other interested parties at a public hearing.

NOW, THEREFORE, the City Council of the City of Irvine DOES HEREBY ORDAIN as follows:

SECTION 1. The foregoing recitals are true and correct and incorporated herein as though set forth in full.

SECTION 2. Pursuant to Section 15168 of the CEQA Guidelines, this project is subject to a previously certified EIR for the Northern Sphere Area specific to Planning Areas 3, 5B, 6, 9 and a portion of Planning Area 8 [State Clearinghouse (SCH) No. 2001051010], which serves as a Program EIR for the proposed project. The effects of the project were examined in the Program EIR and all feasible mitigation measures and alternatives developed in the Program EIR are incorporated into this project. Based on public testimony and independent judgment, the City Council hereby determines that no new mitigation measures are required. The Program EIR is, therefore, determined to be adequate to serve as the EIR for this project and satisfies all requirements of CEQA.

SECTION 3. Mitigation measures identified in the Program EIR have been previously applied. These measures mitigate any potential significant environmental effects.

SECTION 4. The findings required for approval of a Zone Change as set forth in Section 2-38-7 of the Irvine Zoning Ordinance have been made as follows:

- A. The proposed Zone Change is consistent with the City of Irvine General Plan.

The General Plan includes limits on the number of residential units allowed in each planning area of the city. The subject Zone Change application would allow for the reallocation of 226 dwelling units from one zoning district to another within the same planning area. There would be no increase to the General Plan dwelling unit cap for Planning Area 6 as a result of the re-allocation. It has been determined that the Zone Change is consistent with the City's General Plan.

- B. The proposed Zone Change is consistent with any applicable concept plan.

This finding is not applicable to the proposed Zone Change as there is no concept plan for Planning Area 6.

- C. The proposed Zone Change meets all the requirements set forth within Division 8 for the dedication of permanent open space through a specified phased implementation program for affected planning areas and zoning districts.

This project is not required to dedicate open space because there is no development associated with the Zone Change. Sections 9-6-7(F) and (H) of the Zoning Ordinance state that, within Planning Area 6, the 575-acre NCCP Reserve (Area "R") shall be dedicated to the City. The proposed Zone Change complies with all requirements set forth within Division 8 (pertaining to the dedication of permanent open space through a phased dedication implementation program) of the Zoning Ordinance. The applicant previously met its obligation to dedicate in February 2006 through the dedication of 584 acres of open space north of State Route (SR) 241 and generally between SR-133 and the easterly city limits (identified as Area "R").

- D. The proposed Zone Change is in the best interest of the public health, safety, and welfare of the community.

The Zone Change is consistent with all applicable provisions of the General Plan and Irvine Zoning Ordinance and is in the best interest of the community's health, safety, and welfare. The Zone Change application serves to reallocate unbuilt dwelling units from Neighborhood 6 of Planning Area 6, where there is

no additional land remaining to be developed, to Neighborhood 5, where there are approximately 220 gross acres of undeveloped land set aside for future residential development. No increase to the overall dwelling unit cap for the planning area results from this re-allocation.

As part of project review, the applicant was required to prepare a traffic report to determine if any significant changes would occur to traffic in the vicinity of the unit reallocation. It concluded that, with minor changes to the length of certain left-turn lanes on local roads and a new right-turn lane on Portola Parkway in the vicinity of the unit reallocation, moving units from one part of the planning area to another will not adversely affect traffic conditions in the vicinity of Neighborhood 5.

Furthermore, as stated in Section 2 of this Ordinance, the Zone Change is within the scope of the project covered by the previously certified EIR for the Northern Sphere Area (SCH No. 2001051010) which serves as a Program EIR for the proposed project and is, therefore, in compliance with CEQA.

- E. Based upon information available at the time of approval, adequate sewer and water lines, utilities, sewage treatment capacity, drainage facilities, police protection, fire protection/emergency medical care, vehicular circulation and school facilities will be available to serve the area affected by the proposed Zone Change when development occurs.

The dwelling unit cap for Planning Area 6 will not increase as a result of the reallocation of units. The Zone Change will allow 226 units that were allocated within the 8.1A Trails and Transit Oriented Development zoning district to be transferred to the 2.3K Medium Density Residential zoning district within the same planning area. As the physical location of the units will be moving from the western portion of Planning Area 6 to the east, a traffic report was completed to analyze any impacts that would result from the added vehicle trips within the eastern portion of the planning area. The report identified a few measures that would be required as a result of the Zone Change. These measures include minor changes to the length of certain left-turn lanes on local roads and a new right-turn lane on Portola Parkway in the vicinity of Neighborhood 5. With the incorporation of these changes, adequate vehicular circulation would be provided.

The easternmost portion of Planning Area 6 has not yet been developed. As such, with the approval of the Zone Change, the design of residential developments (e.g., tract maps and master plans) would need to account for the construction of adequate sewer and water lines, utilities, sewage treatment capacity and drainage facilities to serve the 226 re-allocated units. Police

protection, fire protection/emergency medical care, and school facilities are available to adequately serve the planning area.

- F. If the proposed Zone Change affects land located within the coastal zone, the proposed zone change will comply with the provisions of the land use plan of the certified local coastal program.

The finding is not applicable as the proposed Zone Change does not involve any land within the coastal zone.

SECTION 5. The City Clerk shall certify to the passage of this Ordinance and this Ordinance shall be published as required by law and shall take effect as provided by law.

NOW, THEREFORE, based on the above findings, the City Council of the City of Irvine DOES HEREBY APPROVE Zone Change 00693253-PZC, as outlined in Exhibit A.

PASSED AND ADOPTED by the City Council of the City of Irvine at a regular meeting held on the _____ day of _____, 2018.

MAYOR OF THE CITY OF IRVINE

ATTEST:

CITY CLERK OF THE CITY OF IRVINE

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF IRVINE)

I, MOLLY MCLAUGHLIN, City Clerk of the City of Irvine, HEREBY DO CERTIFY that the foregoing ordinance was introduced for first reading on the 27th day of November 2018, and duly adopted at a regular meeting of the City Council of the City of Irvine, held on the ____ day of ____ 2018.

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

EXHIBIT A

CHAPTER 9-6. - PLANNING AREA 6 (PORTOLA SPRINGS)*

- Sec. 9-6-1. Land use zoning map.
- Sec. 9-6-2. Introduction.
- Sec. 9-6-3. Statistical analysis.
- Sec. 9-6-4. Land use regulations.
- Sec. 9-6-5. Development standards for Area 2.3K.
- Sec. 9-6-6. Reserved.
- Sec. 9-6-7. Special development requirements for Area 2.3K.
- Sec. 9-6-8. Special development requirements for Area 2.3M.
- Sec. 9-6-9. Special development requirements for Area 8.1A.

Sec. 9-6-1. Land use zoning map.

(See Planning Area 6 map following Section 9-6-5)
(Code 1976, § V.E-806.1; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 03-33, § 6, 1-22-04; Ord. No. 06-17, § 4, 9-26-06)

Sec. 9-6-2. Introduction.

- A. Planning Area 6 is generally bounded by Jeffrey Road and SR-I33 to the west, PA 51 (Orange County Great Park) to the south, PA 3 to the north and the City sphere boundary to the east.
- B. Planning Area 6 is intended to be a mixed-use village which provides for a full range of residential densities, commercial centers, recreation facilities, and office/high technology uses.

(Code 1976, § V.E-806.2; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 00-02, § 4, 2-8-00; Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 09-02, § 3, 3-24-09)

Sec. 9-6-3. Statistical analysis.

			Building Intensity Standard				
General Plan Category	Zoning Number	Zoning District	Maximum Regulatory Dwelling Units	Additive Dwelling Units ²	Maximum Regulatory Square Feet	Additive Square Feet ²	Gross Acres *
Conservation and Open Space:							
Exclusive Agriculture	1.1	Agriculture	0	0	0	0	205
Preservation	1.4	Preservation	0	0	0	0	1,178
Recreation	1.5	Recreation	0	0	0	0	172
Water bodies	1.6	Water bodies	0	0	0	0	22
Residential:							
Medium Density	2.3K	Medium Density	*** 4,500	0	0	0	1,078

* Editor's note— Ord. No. 09-02, § 3, adopted March 24, 2009, amended the Code by amending the title of Chapter 9-6.

	2.3M	Medium Density	170	0	0	0	51
Multi-Use:							
Multi-Use	3.1	Multi-Use	**	0	125,000	0	20
	8.1A	Trails & Transit Oriented Development	See Special Development Standards		See Special Development Standards	0	58
Commercial:							
Community Commercial	4.2	Community Commercial	0	0	175,000	0	23
Industrial:							
Research/Industrial	5.5F	Medical and Science	0	0	0	0	0
Institutional:							
Public Facilities	6.1	Institutional	0	0	0	0	0
Unallocated Dwelling Units ¹	n/a	n/a	0	0	0	0	0
PLANNING AREA TOTAL			*** 4,670	0	**** 800,000	0	2,807

*ROW for SR-241/SR-133 is excluded.

**Any residential units in the Multi-Use category shall be taken from the Medium Density category and transferred units.

***Maximum units may be exceeded pursuant to Sections 9-6-7.B and 9-6-9.B.

****A maximum of 800,000 square feet of nonresidential intensity has been established for this planning area; however, up to 790 dwelling units (in excess of 4,670) may be substituted for nonresidential square footage in terms of equivalent traffic generation as set forth in Section 9-6-9.B.

¹ Unallocated dwelling units represent those units remaining in a planning area that may be built anywhere in the same planning area. These units are within the maximum development intensity for the planning area; and, therefore, placement of unallocated units into any residential category within the planning area for purposes of development is determined to be consistent with the General Plan and Zoning Code with regard to intensity allocation only, provided that placement is otherwise consistent with site specific zoning regulations and that any potential environmental impacts are adequately addressed, including traffic impacts, pursuant to CEQA.

² See Section 9-0-3.C. Building intensity standards.

(Code 1976, § V.E-806.3; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 03-33, § 6, 1-22-04; Ord. No. 06-17, § 4, 9-26-06; Ord. No. 12-01, § 5 (Exh. A), 1-24-12; Ord. No. 12-09, § 3 (Exh. A), 5-22-12)

Sec. 9-6-4. Land use regulations.

See Section 3-3-1 (Land use matrix).

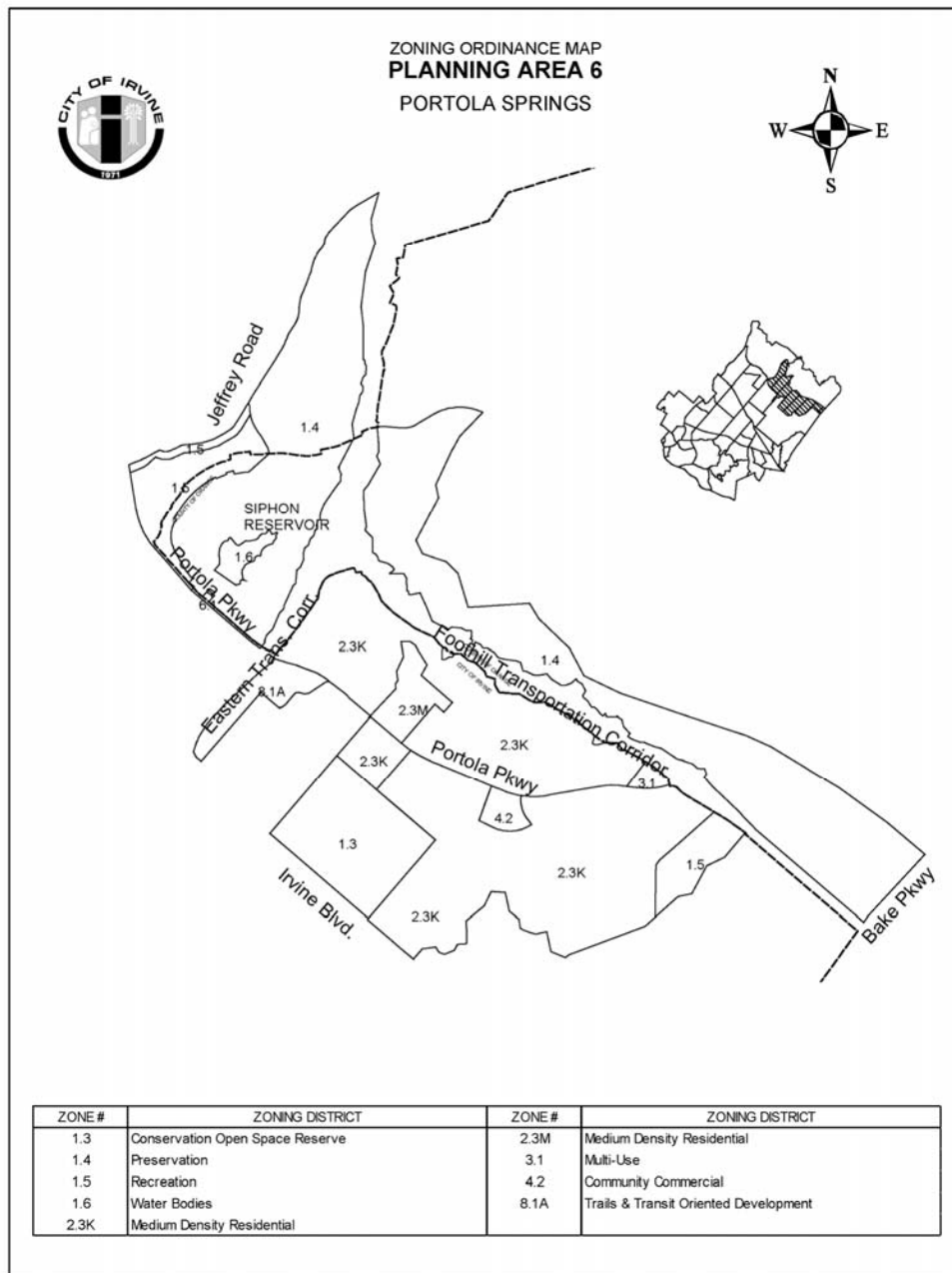
(Code 1976, § V.E-806.4; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95)

Sec. 9-6-5. Development standards for Area 2.3K.

(City-wide regulations can also be found in Division 3.)

Individual residential projects in Medium Density category 2.3K may exceed 12.5 dwelling units/net acre. However, no individual project may exceed 31.0 dwelling units/net acre and the overall density within 2.3K cannot exceed 12.5 dwelling units/net acre. For projects within Area 2.3K, the actual net density of individual projects will determine the development standards to be applied according to Sections 3-37-13, 3-37-14, 3-37-15 and 3-37-16, as applicable.

(Code 1976, § V.E-806.5; Ord. No. 92-3, 4-14-92; Ord. No. 95-4, 5-9-95; Ord. No. 95-22, § 3, 11-28-95; Ord. No. 02-09, §§ 1—7, 6-11-02)



Sec. 9-6-6. Reserved.

Sec. 9-6-7. Special development requirements for Area 2.3K.

A. Affordable housing.

1. The affordable housing needs goal of 15 percent (5 percent Income I, II; 5 percent Income III; and 5 percent Income IV) of the actual number of units built in Planning Area 6 may be met utilizing the menu option as established in the Housing Element. The achievement of the Income I, II and III affordable housing goals is contingent upon the availability of financial incentives which bridge the gap between the actual cost of construction of a market unit and an affordable unit. The City will provide available financial assistance to help achieve the affordable housing needs goal for these planning areas.
2. In conjunction with the submittal of the first tentative map within this planning area, the applicant shall submit a comprehensive affordable housing program covering Planning Areas 5, 6, 8, and 9 as called for in Chapter 2-3 of the Zoning Code. The affordable housing goal of 15 percent (5 percent Income I, II; 5 percent Income III; and 5 percent Income IV) of the actual number of units built shall be addressed in the affordable housing program. The program shall be reviewed by the Planning Commission prior to its approval of the first tentative map and approved by the City Council prior to recordation of the first final map.

B. Maximum dwelling units. Notwithstanding the provisions of Section 9-6-3, a total maximum of 300 dwelling units may be transferred by the landowner from Planning Area 5B and/or Planning Area 9 into Planning Area 6. In addition, up to 226 dwelling units may be transferred from Area 8.1A to Area 2.3K within Planning Area 6.

C. Parks. The locations of public parks are conceptually shown on Exhibit B. Private parks will also be provided in order to meet local park requirements. With the first residential tract map submitted for development in Planning Areas 5 (Area 2.3I), 6, 8 (Area 2.3H), and 9, a comprehensive community park plan addressing community park requirements for Planning Areas 5 (Area 2.3I), 6, 8 (Area 2.3H), and 9 will be submitted by the applicant. This park plan may also address community park requirements for other planning areas, including, but not limited to, Planning Areas 1 and 2.

1. The community park requirement for PA 6 will be satisfied by the dedication of parkland and/or construction of park improvements for a community park centrally located within Planning Area 6 as conceptually shown on Exhibit B.
 - a. The community park shall be a minimum of 20 acres. This community park may fulfill a portion of the community parks requirement for PA 9.
 - b. The second community park conceptually shown on Exhibit B at the northeast corner of Jeffrey Road and Portola Parkway may satisfy community park requirements for Planning Areas 5, 8 and 9.

D. Arterial highways. The following arterials are located adjacent to or within Planning Area 6:

<i>Arterial Highway/Freeway/Tollway</i>	<i>General Plan Classification</i>
Jeffrey Road	Thruway
Irvine Boulevard	Thruway
Portola Parkway	Thruway
Foothill Transportation Corridor	Transportation Corridor
Eastern Transportation Corridor	Transportation Corridor

- E. *Eucalyptus trees.* The existing eucalyptus windows in PA 6 will be retained in median landscaping, landscaped setbacks, parks, the Jeffrey Open Space Trail, trails and areas adjacent to open space to the extent trees are deemed sufficiently healthy for preservation in accordance with a survey conducted by a certified arborist and do not conflict with fuel modification requirements and do not conflict with infrastructure improvements.
- F. *Preservation/NCCP Reserve dedication.* Prior to or concurrent with the recordation of the first subdivision map in PA 6, the applicant shall record an offer of dedication in favor of the City for Area "R" as shown on Exhibit A. Such offer will be in compliance with Section 8-14-1 and may be accepted by the City no sooner than 90 days following issuance of building permits for 75 percent of the 4,500 total dwelling units permitted and 75 percent of the total square feet of industrial structures, or at the completion of development within the planning area.
1. Any trails in the NCCP Reserve and/or preservation area will be designed, constructed, owned and maintained by the City of Irvine or its designee.
 2. Because the NCCP Reserve and Preservation category are co-terminus in this dedication, the NCCP shall serve as the Open Space and Management Plan required under Section 9-16-1.
- G. *Pedestrian links.* Sidewalks will be located on public streets in accordance with City plans and guidelines. Sidewalks on private streets may vary from standard City plans where appropriate to reduce grading or provide better pedestrian linkages. Pedestrian walks should link commercial sites, schools, parks and residential neighborhoods. With the submittal of the first residential tract map, a Master Plan of bicycle and pedestrian trails will be provided.
- H. *Jeffrey Open Space Trail.* The Jeffrey Open Space Trail (JOST) within Planning Area 6 will provide a continuous open space edge the eastern side of the ultimate alignment of Jeffrey Road from Portola Parkway to the NCCP boundary. The JOST shall be the equivalent of 325 feet in width as measured from the Jeffrey Road curb face (approximately 28 acres). JOST width may vary, but may not be less than 200 feet. The JOST will serve as the village edge for the adjoining development areas, and no further village edge dedications or improvements will be required. Improvement of the JOST shall be consistent with the design character listed in Section 9-6-7.H. JOST improvements may be proposed by the applicant in lieu of dedication, as generally defined in Section 5-5-1004.F.1 of the Municipal Code (in effect at the time of approval of this zoning) and in accordance with this section.

1. *JOST function.*

- a. The JOST shall provide a place that will accommodate public trail and passive open space uses and which will achieve the following objectives:
 - (1) Provide a Class I bicycle trail, and where deemed appropriate, an unpaved pedestrian trail.
 - (2) Include features such as, but not limited to, riparian elements, water quality elements, picnic areas, shade structures, restrooms and other passive recreational improvements.
 - (3) Establish landscape and landforms that will provide the trail user with a meandering separation from Jeffrey Road, a village edge for newly developed planning areas, and a landscape buffer between new development and Jeffrey Road.
- b. Permitted uses: Except for utilities and General Plan roadway improvements, surface uses will be limited to trails, and associated passive public recreation and park-and-ride facilities. For the purposes of the JOST, features identified in Subsection H.1.a(2) are considered passive recreation.

2. *Overall park design.* North of the I-5 Freeway, to the NCCP boundary in Planning Area 6 (approximately 117 acres), design of the overall Jeffrey open space spine shall be approved as a park design pursuant to Section 2-22-4.

Design concepts to be included in the overall design shall be consistent with the Jeffrey Open Space Trail consensus plan reviewed by City Council on September 25, 2001. The design shall address grade separated crossings and undergrounding any overhead utility lines, including costs, timing, and responsible entities.

Adoption of this overall park design shall establish parameters by which JOST segments will be approved as adjacent development proposals are processed. It is also anticipated that an implementation agreement between The Irvine Company and the City documenting mutual understandings related to implementation issues such as costs, timing, and responsibilities will be approved as a part of this process.

This overall park design shall be reviewed by the Planning Commission, the Community Services Commission, and shall be approved by the City Council.

3. *Segment design approval process.*

- a. *Segment park design.* In conjunction with an application for any subdivision map or community park plan adjacent to the spine, a segment park design for the adjacent JOST segment shall be submitted to the City by the applicant. The plan shall include:
 - (i) JOST dimensions and acreage;
 - (ii) Trails and pedestrian access to trails;

- (iii) Landscape elements;
- (iv) Conceptual plant palette;
- (v) Planned vehicular access or crossings;
- (vi) Special design features; and
- (vii) Passive recreational amenities and improvements.

- b. *Request for improvements in lieu of dedication.* Should improvements in lieu of land dedication be proposed by the applicant, fair market value and improvement costs shall be established in the manner defined in Section 5-5-1004 of the Municipal Code or by means mutually acceptable to the applicant and the Director of Community Services. Any modifications to the design through the approval process will be addressed by the implementation agreement noted in Section 9-6-7-H.2.
- c. *Segment plan approval.* If the City adopts an overall park design, the segment park design shall be approved by the Directors of Community Development and Community Services, provided the segment park design is deemed consistent with the overall park design. In the event the overall park design has not received approvals or if the segment park design is not consistent with an approved overall park design, the segment park design shall be subject to final approval by the Community Services Commission. Appeals of decisions related to the segment park design shall be to the City Council.

4. *JOST improvement.*

- a. The project developer's financial obligation to improve the JOST is limited to costs of construction of a permanent trail to be built in accordance with the City's 1985 "Guidelines for Bicycle Facilities in Irvine" (excluding grade separations used solely for trail systems).
- b. Prior to issuance of the first precise grading permit for property adjacent to the JOST, the developer shall commence construction of an 11-foot bicycle/pedestrian trail and all improvements in lieu of dedication, if any, within the adjacent spine segment. Once commenced, the entire segment shall be completed in a single phase.
- c. Any grade-separated crossings shall be constructed and maintained by the City unless otherwise agreed to by the developer consistent with Subsection H.2 herein. The City shall also maintain the bicycle/pedestrian trail, landscaping and all other improvements within the JOST.

5. *JOST conveyance.*

- a. Prior to the release of a final map for an area adjacent to the JOST, or the approval of any other conveyance document created for transfer of ownership of any community park land adjacent to the JOST to the City, the applicant shall

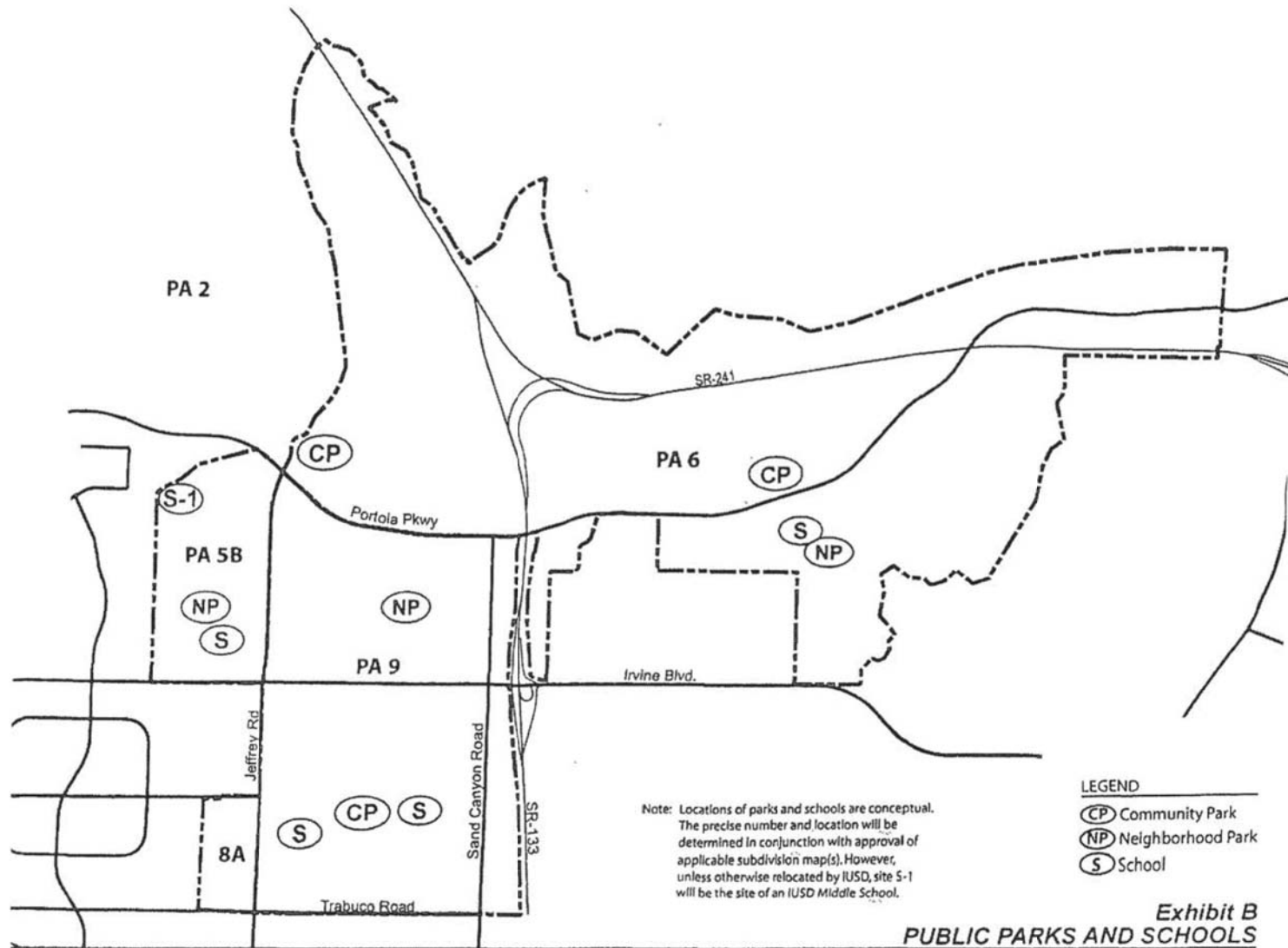
submit for review to the satisfaction of the Director of Community Development and the City Attorney, the form of an irrevocable offer of dedication to the City of Irvine for the JOST segment adjacent to the development.

- b. The City shall accept the offer of dedication for the JOST and improvements in a timely manner following final inspection of improvements: within 90 days of improvements including landscaping, or within 30 days if the improvements include only the trail. The trail shall not be opened for public use until the City has accepted the offer of dedication.
- I. *Trails.* Prior to approval of the first residential tentative tract map within this planning area, the applicant shall submit a master trails plan, which addresses public and private trails and linkages, public viewpoints, public access points to the open space, signage, and construction phasing of trails. This plan shall include a pedestrian link along Portola Parkway connecting Sand Canyon Avenue through the planning area to the Transportation Corridor and the open space in the eastern part of the village. This plan shall be consistent with the General Plan Trails Network Figure B-4 and also demonstrate how access to dedicated open space will be controlled and managed by the City through fencing or other means. The master trails plan shall be submitted for review and comment by the Community Services Commission and approved by the Planning Commission.
- J. *Hicks Canyon Wash Trail Extension.* At the time that Jeffrey Road is constructed north of Portola Parkway, the existing Hick's Canyon Wash Trail shall be extended as an under-crossing of Jeffrey Road to accommodate connection to the Jeffrey Open Space Trail.
- K. *Village theme.* The architectural design shall address detail articulated on all sides of the structures visible from streets, paseos, and other public areas. Particular attention shall be given to windows, balconies, doors, and other design elements. The elements and qualities which shall be encouraged are human scale and privacy, play of light using shade and shadows to provide relief, and variations in roof lines. Large blank walls with minimal detail shall be discouraged.
- L. *Residential/community commercial architecture.* A variety of architectural styles and forms will be used to express differences among projects and neighborhoods within the planning area. Variations of the following elements may be used by the developer:
 - 1. *Overall form.* Some symmetry at front facades or around entries will be used to create balance in the overall form. Entry view corridors terminating at blank walls and/or blank building elevations shall be discouraged. Views of elevations of multifamily structures with exterior walkways serving as common access for dwellings on second and third floors shall be screened from public rights-of-way either through building orientation or other architectural or landscape elements.
 - 2. *Roof form.* Roof massing will be varied with a strong cornice line. Clay, concrete tile, and slate will be used predominantly with consistent earthtone colors.
 - 3. *Details.* Simple cornices, moldings, projections and recesses, and integral-colored accent materials such as ceramic tile, brick, garden walls (stone or painted stucco) and picket gates will be used.

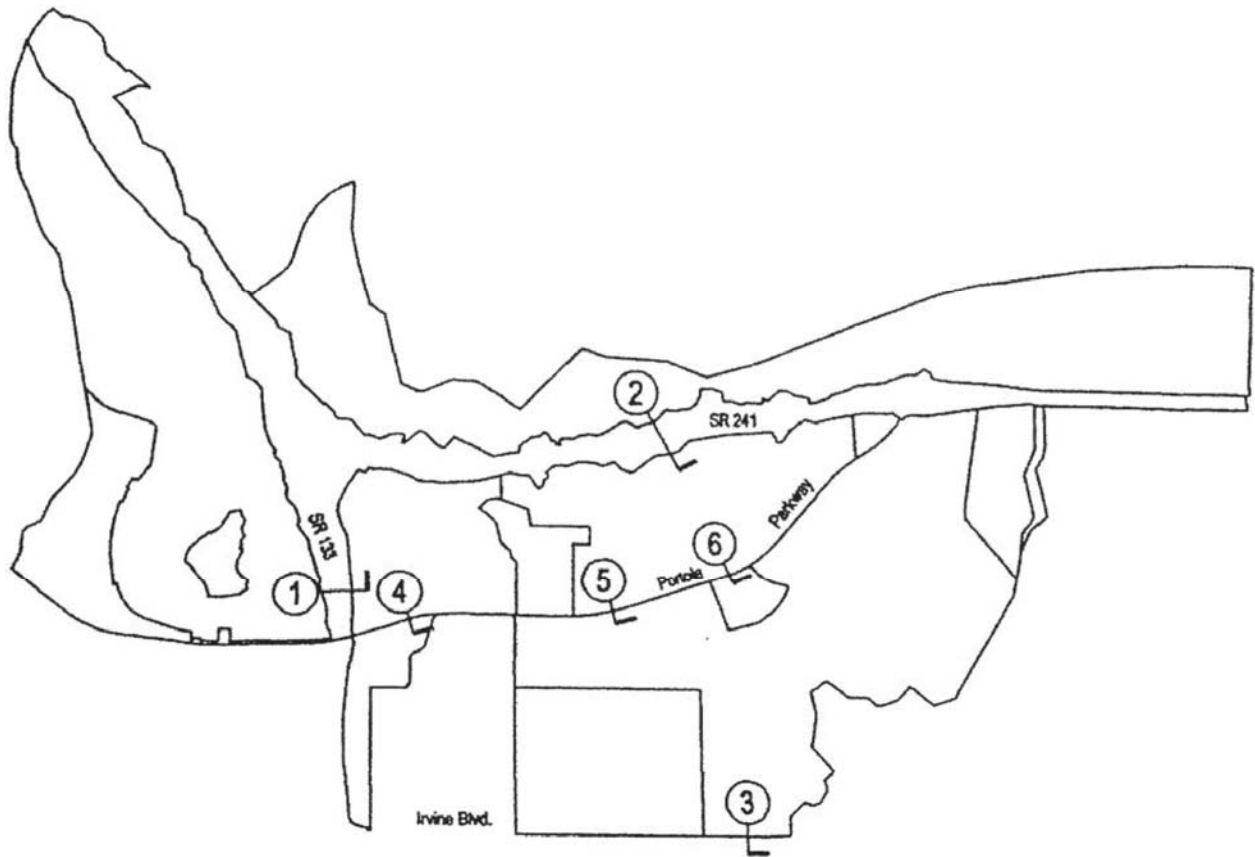
4. *Site design.* Terraces, plazas, arcades, colonnades, and pergolas will be used to define pedestrian areas.
 5. *Building heights along arterial roadways.* Residential structures adjacent to arterial roadways shall not exceed two stories.
 6. *Architectural features.* Architectural features (not including chimneys) on individual residential structures may in limited circumstances exceed the established height limit by a maximum of 10 percent of the roof area on which the structure is secured but in no event shall exceed 10 feet above applicable zoning district height limit.
- M. *Industrial architecture.* The industrial portion of the planning area will have a clean and contemporary architectural style, similar to Irvine Spectrum. In conjunction with each tentative tract map ("B" map) or parcel map for medical and science parcels adjacent to areas zoned residential, the applicant shall demonstrate how medical and science uses will be compatible with residential uses with particular reference to proposed building heights, locations of loading docks and storage areas, treatment of parking areas, and proposed landscaping. Vehicular access between medical and sciences uses and adjacent residential development shall be evaluated at the time of tentative tract maps ("B" maps) or parcel maps. Vehicular access shall be designed so that conflicts with residential neighborhoods are minimized.
- N. *Landscape setbacks.* The landscape setbacks for the project edge shall be in accordance with Exhibits C. Additionally, streetscapes required with development of Planning Area 6 shall be consistent with the City of Irvine Master Streetscape Plan.
- O. *Alternative setback standards.* Alternative setback standards for setbacks internal to the planning area may be approved in conjunction with any subsequent Planning Commission approval. A description of the proposed setbacks and how they differ shall be submitted. The Planning Commission will consider the following criteria and may appropriate findings, if necessary:
1. *General character.* Relationship in scale, bulk, coverage and density with surrounding land uses.
 2. *Quality of life.* Whether the proposed alternative standard will result in an adverse impact on existing neighborhoods.
 3. *Suitability.* The physical suitability of the site for the proposed project.
 4. *Limitations.* Such setbacks shall not be used to deviate from setbacks established for village edges.
- P. *Multi-use.* The Multi-Use category may be developed with a single land use.
- Q. *Child care.*
1. The need for child care facilities shall be recognized in the development of Planning Area 6. Prior to the approval of the first tentative tract map for the residential portion of this planning area, the number of private sector child care slots to be provided will be

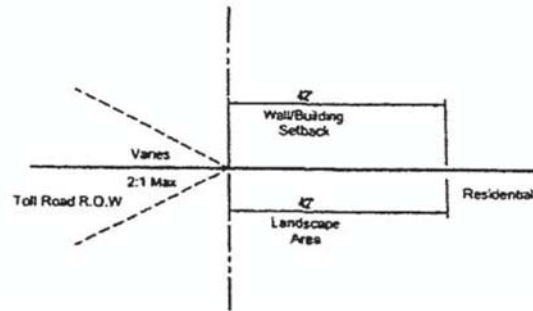
determined by the City and the developer in accordance with the City policy in effect at that time. The number of slots will be based on the actual number of residential units to be built and on a determination of child care needs within the planning area.

2. Prior to the approval of the first tentative tract map for the residential portion of this planning area, the applicant shall address the following when locating any child care center:
 - a. The location of any child care center(s) shall be determined.
 - b. The size of any parcel that is designated for a potential child care center.
 - c. Child care centers shall be compatible with adjacent uses. Development of a child care center in conjunction with proposed elementary schools and adjacent to neighborhood parks, residential developments and/or neighborhood commercial centers shall be encouraged.
 - d. In locating a child care center, the proposed site shall be evaluated with regard to factors that might be detrimental to the public health, safety, or welfare, including, but not limited to, proximity to high-traffic-volume roadways, hazardous materials, and major generators of traffic.
- R. *Hydrology*. In conjunction with the submittal of specific development plans, the applicant shall demonstrate that storm drain systems will include project design features for treatment of project related stormwater runoff to improve the quality of discharges into San Diego Creek. This will be addressed as follows:
 1. BMPs (for example, BMPs that achieve similar performance per National BMP Database ratings as catch basin inserts) will be designed to infiltrate, filter or treat the volume of runoff produced by either (a) a 24-hour 85th percentile storm event (runoff from 0.75 inch, 24-hour storm), or (b) the maximum flow rate of runoff produced by a rainfall intensity of 0.2 inch of rainfall per hour.
- S. *Circulation*. In conjunction with the submittal of any traffic study for this planning area, alternative solutions for any proposed triple left turn lanes shall be identified.
- T. *Trip monitoring*. Prior to the approval of any discretionary application for new development, the applicant shall submit to the Community Development Department a table documenting the cumulative total of approved development and trips within Area 2.3K, in a manner meeting the approval of the Director of Community Development to ensure the overall average daily trips (ADT) do not exceed the 95,019 ADT as mitigated by prior payment of NITM fees.

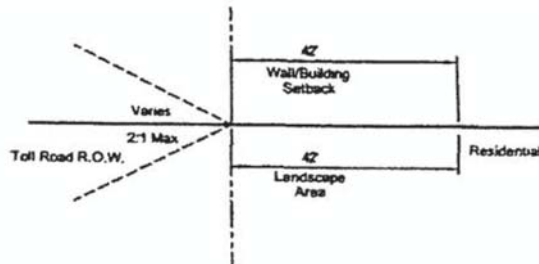


KEY MAP

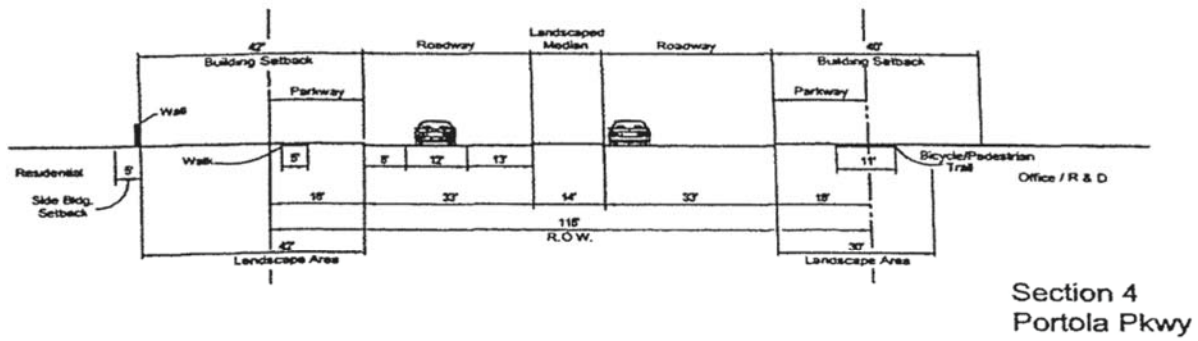
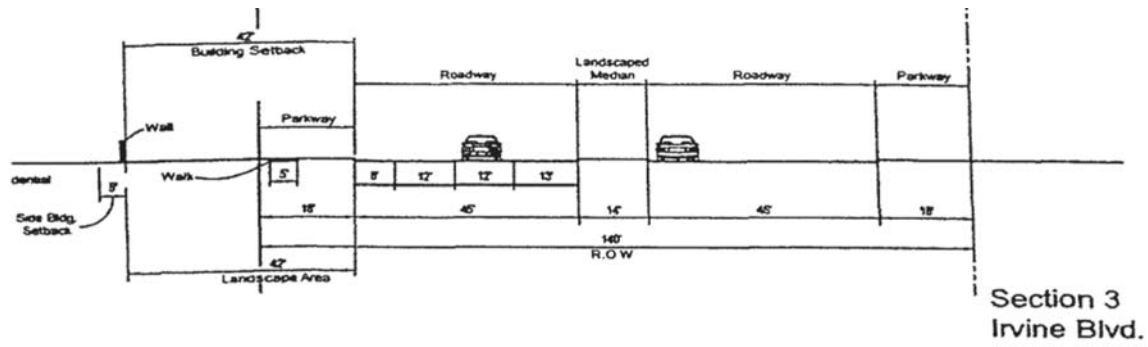




Section 1
State Route 133

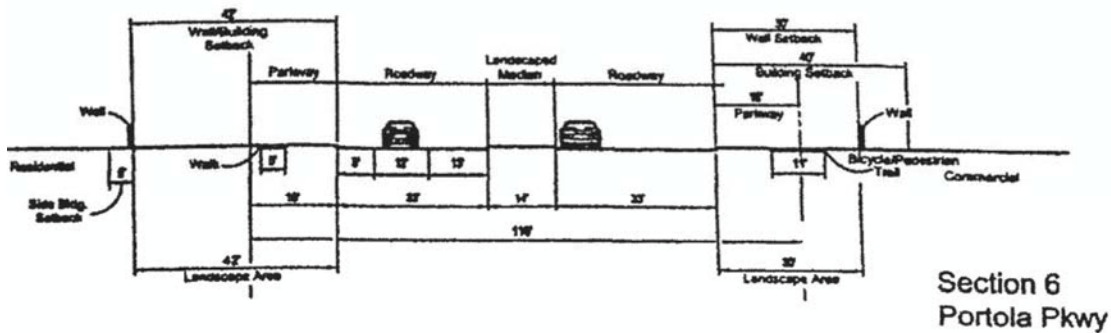
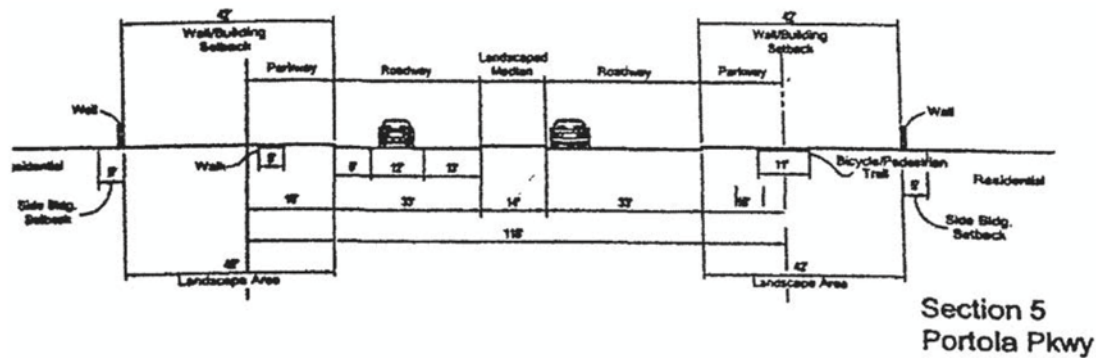


Section 2
State Route 241



SECTIONS
Planning Area 6

Exhibit C-2



SECTIONS Planning Area 6

Exhibit C-3

(Ord. No. 02-09, §§ 1—7, 6-11-02; Ord. No. 03-33, § 6, 1-22-04; Ord. No. 04-03, § 3, 2-24-04; Ord. No. 09-02, § 3, 3-24-09; Ord. No. 12-01, § 5 (Exh. A), 1-24-12)

Sec. 9-6-8. Special development requirements for Area 2.3M.

1. *Village theme.* The village or "neighborhood" theme of the site should be reminiscent of villages of early California, a neighborhood where the different design elements such as a diversity of home types, roadways, parks and open space are woven together to create a cohesive community. The project site plan should also reinforce the connection between the existing "flatland" and "hillside" areas.
2. *Architectural design.* The architectural design shall address detail articulation on all sides of the structures visible from streets, paseos and other public areas. Particular attention shall be given to windows, balconies, doors and other design elements. The elements and qualities that shall be encouraged are pedestrian scale and privacy, play of light using

shade and shadows to provide relief and variations in roof-lines. Large blank walls with minimal detail shall be discouraged.

3. *Architectural features.* Architectural features on individual residential structures may in limited circumstances exceed the established height limitation by a maximum of 10 percent of the roof area on which the structure is secured but in no event shall exceed 10 feet above applicable zoning district height limit.
4. *Parks.* With the submittal of a vesting tentative tract map for development of Lambert Ranch, the applicant will submit a park plan in accordance with Chapter 2-22. The park plan will address the community and neighborhood park dedication requirements for Lambert Ranch.
 - a. Neighborhood parks shall be located within the Lambert Ranch development. The aesthetic design goal of the parks shall be to preserve and enhance the existing landscape attributes of the site. Neighborhood parks shall be located to provide convenient pedestrian access from residential units.
 - b. The community park requirement for Lambert Ranch will be satisfied by the provision of park in-lieu fees per Section 5-5-1004, subdivision ordinance.
5. *Pedestrian network.* Pedestrian circulation is provided through a network of sidewalks and pedestrian paseos. The network has been designed to encourage pedestrian circulation, enhancing a sense of community and to provide access between residential units and the neighborhood parks and open space system, adjacent community park, schools, commercial sites, and residential neighborhoods. Where sidewalks are not provided along private ways or driveways, pedestrian access to units shall be provided from a pedestrian paseo. A minimum of five-foot width shall be provided for walks along key pedestrian corridors, including along the neighborhood park, Esplanade, Paseos and along Portola Parkway. A four-foot width will be limited to sidewalks along interior residential streets.

No lot with frontage on C Drive East and West will be located more than 150 feet from a pedestrian access connecting the private drive to the interior paseo system.
6. *Streets and private ways.* Streets shall be designed to encourage "traffic calming" and enhance pedestrian circulation. "Traffic calming" techniques, such as narrower street, choker and special pavement, are encouraged to minimize vehicular speed.
7. *Landscaping.* Landscape character shall be compatible with adjacent planning areas through continuation of the general character of plantings along Portola Parkway consistent with the City of Irvine Master Streetscape Plan. The existing early California landscape character of the hillside shall be enhanced with informal native, naturalized and ornamental plantings, while the "flatland" development shall have a combination of formal and informal landscape plantings. Entry landscape treatment shall occur at the primary neighborhood entry from Portola Parkway and secondary entry from Ridge Valley.
8. *Eucalyptus trees.* The existing eucalyptus windows on the project site will be retained in landscape setbacks and paseos to the extent the trees are deemed sufficiently healthy for preservation in accordance with a survey conducted by a certified arborist and do not

conflict with fuel modification requirements and do not conflict with infrastructure improvements. A eucalyptus tree report will be provided and approved by the City of Irvine.

9. *Alternative setback standards.* Alternative setback standards for setbacks internal to the planning area may be approved in conjunction with any subsequent Planning Commission approval. A description of the proposed setbacks and how they differ shall be submitted. The Planning Commission will consider the following criteria and may appropriate findings, if necessary:
 - a. *General character:* Relationship to scale, bulk, coverage and density with surrounding land uses.
 - b. *Quality of life:* Whether the proposed alternative standard will result in an adverse impact on existing neighborhoods.
 - c. *Suitability:* The physical suitability of the site for the proposed project.
 - d. *Limitations:* Such setbacks shall not be used to deviate from setbacks established for village edges.
10. *Libraries.* In the event that a City-wide library impact fee is adopted and in force, the developer shall pay this fee prior to issuance of building permits for new development.
11. *Lambert's residence.* The 1.67-acre remainder parcel for vesting tentative tract map 16868 shall not be further subdivided to create additional buildable lots for future development. (Ord. No. 06-17, § 4, 9-26-06)

Editor's note— Ord. No. 06-17, § 4, adopted September 26, 2006, amended the Code by adding a new section to be numbered 9-6-7. In order to prevent duplication of section number, the section has been renumbered at the discretion of the editor.

Sec. 9-6-9. Special development requirements for Area 8.1A.

- A. *Trails and Transit Oriented Development.* The 8.1A Trails and Transit Oriented Development zoning district allows a variety of uses on the same site consistent with the Multi-Use land use category as defined in the General Plan. The Trails and Transit Oriented Development designation allows for a mix of residential, commercial, recreational, and education uses that support a multi-use environment, and which is complementary to the 8.1 Trails and Transit Oriented Development District located in PA 51 and to the Orange County Great Park. Pedestrian paths and trails, including, but not limited to, bike paths, sidewalks, and recreational trails, shall be encouraged in the Trails and Transit Oriented Development District. The variety of trails types and transit choices are intended to provide connectivity to the Orange County Great Park, the 8.1 Trails and Transit Oriented Development District in Planning Area 51, to public open space outside the Orange County Great Park, and to other nearby areas.

Development in Area 8.1A shall:

- Promote residential communities that are physically connected to each other. Foster community and connectedness between adjacent land uses.

- Promote livability, transportation efficiency, and walkability.
- Allow residential dwelling units to be mixed with other uses providing choices in location, type and size based on compatibility with surrounding uses.
- Promote the development of trails that serve as recreational opportunities and as transportation connections between residential uses, commercial and industrial uses, the Orange County Great Park and transportation hubs.
- Encourage clustering of residential units, where feasible, to provide for opportunities to develop public and private open spaces within the development.
- Promote a diversity of housing types to accommodate a range of economic levels and age groups to live within a community.
- Provide appealing and functional pedestrian street environments to promote pedestrian activity.
- Encourage vertical and horizontal integration of commercial office and retail land uses into the residential development, where feasible.

In addition, the following planning standards shall apply throughout Area 8.1A:

1. Allowable residential units may be mixed with other uses providing choices in location, type and size based on compatibility with surrounding uses. Clustering of residential units shall be encouraged to provide for greater opportunities to develop neighborhood parks as well as public and private open spaces within the development.
2. Reserved.
3. Community and neighborhood park requirements shall be provided in accordance with City of Irvine Park Code.
4. The inclusion of alternative educational, vocational, R&D, business and office facilities in the form of high technology research and vocational centers, business incubators, community outreach partnership centers, conference and group presentation facilities within a "campus commons" framework shall be allowed.
5. The introduction of unique land uses that are not specified in the permitted and conditionally permitted uses but fit within the intent of Area 8.1A shall be encouraged subject to an initial determination by the Director of Community Development and subsequently, subject to a conditional use permit approved by the Planning Commission.

B. Reserved.

C. Reserved.

- D. *Changes in intensities.* The Statistical Analysis table (Section 9-6-3) shall be administratively adjusted to reflect the allocation of development intensity as approved by applicable discretionary case applications for Areas 2.3K and 8.1A.
- E. *Residential/community commercial architecture.* A variety of architectural styles and forms will be used to express differences among projects and neighborhoods within the planning area. Variations of the following elements may be used by the developer.
1. *Overall form.* Some symmetry at front facades or around entries will be used to create balance in the overall form. Entry view corridors terminating at blank walls and/or blank building elevations shall be discouraged. Views of elevations of multifamily structures with exterior walkways serving as common access for dwellings on second and third floors shall be screened from public rights-of-way either through building orientation or other architectural or landscape elements.
 2. *Roof form.* Roof massing will be varied with a strong cornice line. Clay, concrete tile, and slate will be used predominantly with consistent earthtone colors.
 3. *Details.* Simple cornices, moldings, projections and recesses, and integral-colored accent materials such as ceramic tile, brick, garden walls (stone or painted stucco) and picket gates will be used.
 4. *Site design.* Terraces, plazas, arcades, colonnades, and pergolas will be used to define pedestrian areas.
 5. *Building heights along arterial roadways.* Residential structures adjacent to arterial roadways shall not exceed two stories.
 6. *Architectural features.* Architectural features (not including chimneys) on individual residential structures may in limited circumstances exceed the established height limit by a maximum of 10 percent of the roof area on which the structure is secured but in no event shall exceed 10 feet above applicable zoning district height limit.
- F. *Industrial architecture.* The industrial portion of the planning area will have a clean and contemporary architectural style, similar to Irvine Spectrum. In conjunction with each tentative tract map ("B" map) or parcel map for medical and science parcels adjacent to areas zoned residential, the applicant shall demonstrate how medical and science uses will be compatible with residential uses with particular reference to proposed building heights, locations of loading docks and storage areas, treatment of parking areas, and proposed landscaping. Vehicular access between medical and sciences uses and adjacent residential development shall be evaluated at the time of tentative tract maps ("B" maps) or parcel maps. Vehicular access shall be designed so that conflicts with residential neighborhoods are minimized.
- G. *Landscape setbacks.* The landscape setbacks for the project edge shall be in accordance with Exhibit C. Additionally, streetscapes required with development of Planning Area 6 shall be consistent with the City of Irvine Master Streetscape Plan.
- H. *Alternative setback standards.* Alternative setback standards for setbacks internal to the planning area may be approved in conjunction with any subsequent Planning Commission

approval. A description of the proposed setbacks and how they differ shall be submitted. The Planning Commission will consider the following criteria and may appropriate findings, if necessary.

1. *General character.* Relationship in scale, bulk, coverage and density with surrounding land uses.
 2. *Quality of life.* Whether the proposed alternative standard will result in an adverse impact on existing neighborhoods.
 3. *Suitability.* The physical suitability of the site for the proposed project.
 4. *Limitations.* Such setbacks shall not be used to deviate from setbacks established for village edges.
- I. *Affordable housing.* In conjunction with the submittal of the first tentative map for residential purposes in Area 8.1A, the applicant shall submit an amendment to the comprehensive affordable housing program covering Planning Areas 1, 5, 6, 8, and 9, as adopted, consistent with City Council Ordinance No. 02-09.
 - J. *Traffic calming, pedestrian/bike access.* In conjunction with the submittal of the first tentative map for residential purposes in Area 8.1A, the applicant shall demonstrate traffic calming measures to mitigate vehicle speeds on the main internal street routes within the development. Additionally, the applicant shall incorporate design features which provide reasonable direct pedestrian/bike access to 1) the Orange County Great Park from this development via the proposed pedestrian/bike overcrossing of Irvine Boulevard, and 2) from Irvine Boulevard to the nearby shopping center at Irvine Boulevard/Sand Canyon intersection.

(Ord. No. 12-01, § 5 (Exh. A), 1-24-12)

4.1



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: NOVEMBER 27, 2018

TITLE: IMPLEMENTATION OF A TWO-YEAR BUDGET CYCLE IN
THE CONTEXT OF A COMPREHENSIVE FIVE-YEAR FINANCIAL
PLAN

Director of Administrative Services

City Manager

RECOMMENDED ACTION

Implement a two-year budget cycle commencing with Fiscal Year 2019-20, including enhancements to long-term planning and public budget review.

EXECUTIVE SUMMARY

The City currently operates under an annual budget cycle, with both the operating budget and Capital Improvement Program budget adopted for the fiscal year July 1 through June 30. The proposed two-year budget cycle, beginning Fiscal Year 2019-20, will be developed in the context of a comprehensive five-year financial plan. A two-year budget promotes transparency, brings increased accountability to government spending, greater stability, and allows for long-term strategic planning. The proposed process provides for enhanced long-term planning and sets spending levels for a two-year period.

Multi-year budgeting requires attention to long-term impacts and an awareness of anticipated expenses. The two-year budget cycle reinforces the City's commitment to long-term fiscal health, reduces staff time preparing budgets, and adds an improved emphasis on program evaluation and monitoring.

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

On November 5, 2018, with all members present, the Finance Commission voted 5-0 to recommend City Council implement a two-year budget cycle commencing with Fiscal Year 2019-20.

ANALYSIS

Background

The City has grown from a population of 10,000 and an operating budget of \$1 million to a population of over 276,000 and a General Fund budget of \$199.7 million in 2018. The City has weathered many economic downturns, offset by periods of economic strength. The future challenge is to maintain fiscal responsibility and prudence during times when resources do not keep pace with population growth and demand for services. In order to provide more certainty regarding ongoing funding and to enhance longer-term financial planning, staff recommends the City transition from an annual budget to a two-year budget developed in the context of a five-year plan.

Two-Year Budget Cycle

Five-Year Planning Framework

Multi-year financial planning, ongoing monitoring, frequent reporting, and prompt corrective actions when necessary are central elements of sound financial management. The two-year budget will be developed within the longer-term context of the five-year Strategic Business Plan. During the first year of the two-year cycle, the City Council will receive quarterly revenue and expenditure updates, bringing forward any areas of concern. At the conclusion of the first year of the two-year cycle, the City Council will receive a mid-cycle review of year-end financials. The mid-cycle review process will provide the mechanism to: 1) Ensure that revenue and expenses forecasted at the beginning of the first year remain accurate; 2) Amend the budget to address any significant revenue shortages and/or unknown and unforeseeable expenses; and 3) Allow departments to carryover first year balances from discretionary savings.

The City currently utilizes a multi-year forecast through the preparation of the five-year Strategic Business Plan and updates the forecast annually as part of the City's budget process. The forecast will be enhanced with greater department details and will continue to provide a long-term look at the City's financial condition and guidance for the two-year budget. Two-year budgets and five-year financial planning bring more accountability to government spending, by demanding the City be proactive in calculating future revenue potential, preparing for changes in population and service demands, identifying and setting aside funds for aging infrastructure such as buildings and roads, and clearly analyzing the long-term impacts of current and future policies and initiatives.

Incentives to Plan Ahead

A two-year budget and comprehensive five-year planning provides incentives to the departments to be as precise as possible in anticipated planning and operating.

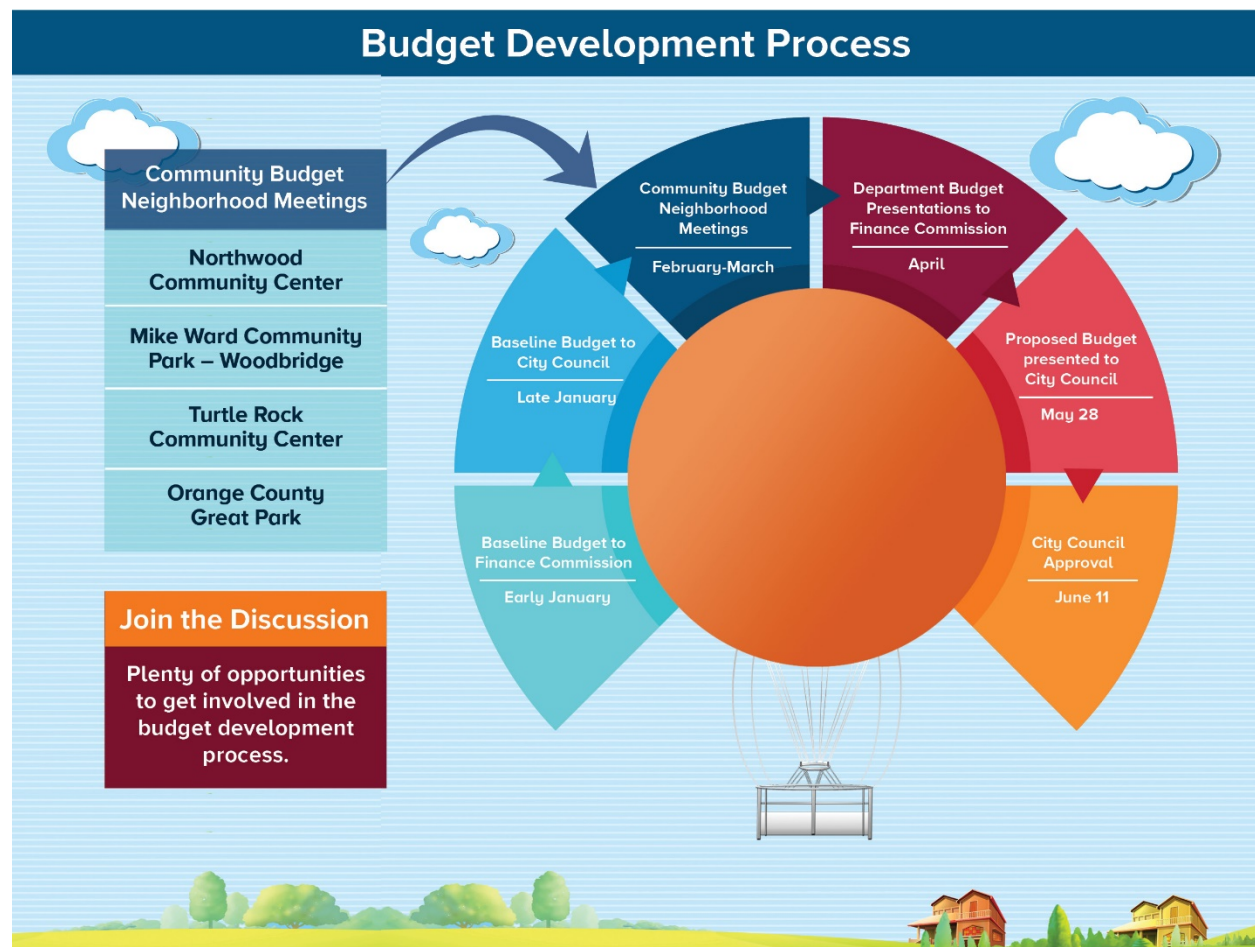
- At the end of the first year of the two-year budget, departments with savings will have the opportunity to carry over unspent funds to the second year, barring any significant unforeseen revenue shortfalls or unanticipated demands. Similarly, departments that overspend in the first year would effectively see that their second-year allocations reduced by the amount of overspending.

- At the end of the second year, departments with savings will have the opportunity to retain 50 percent of the unused funds for a single capital or other one-time need, barring any significant unforeseen revenue shortfalls or unanticipated demands. The other 50 percent would be reallocated to unfunded City Council priorities or returned to General Fund Reserves.
- Staff will also be recommending, as part of the new budget process, to delegate to the City Manager the authority to amend position count during the fiscal year as long as the total full-time equivalent number of positions within a single fund and the overall budgeted expenditures do not change. Any such position adjustments during the year will be ratified by the City Council as part of the annual budget update to the City's Full-time Position Control Resolution.

Timeline for Implementation/Public Input Process

The two-year budget process allows for a more stringent approach to analyzing data, tracking trends and potential problems, and calling for corrective budget action much earlier than in years past. This new enhanced financial planning approach will improve the City's long-term financial management, while also strengthening community engagement. The creation of the City's two-year budget will begin with the Finance Commission reviewing the initial baseline budget in January, followed by the City Council. This year the City is working with key partners such as the Irvine Chamber of Commerce, the Irvine Company, and FivePoint to present and provide community partner insight on fiscal impacts within the City. This new process will also allow the City to collaborate with its residents and businesses by introducing Community Budget Neighborhood Meetings at four locations: Northwood, Woodbridge, Turtle Rock and the Great Park.

After receiving input from the community, departments will present detailed and balanced budgets, along with longer-term plans to the Finance Commission in April. Following commission input, the citywide two-year budget and five-year plan will be presented to the City Council in May for adoption in June 2019.



The City Council, Finance Commission, and public will receive quarterly updates on the City's financial performance in comparison to the budget. Mid-cycle changes to the second year of the adopted two-year budget will be presented to the City Council for consideration. Mid-year budget reviews and budget adjustments, as well as year-end budget reviews and adjustments, will still be done every year at a public meeting. Additionally, at the end of the first year, the budget review focuses on changes to the second year and allows the City discretion and flexibility for the second year of the two-year budget cycle.

Informational materials explaining the two-year budget and inviting participation in the four community meetings are being prepared and will soon be distributed throughout the City, as well as posted on the City's website and promoted on social media. These materials will include a brief video that will be played on ICTV and other City channels.

ALTERNATIVES CONSIDERED

The City Council could choose not to implement a two-year budget cycle. This option is not recommended as the two-year budget cycle, developed in the context of a comprehensive five-year financial plan promotes transparency and brings more

accountability to government spending, greater stability, and allows for longer-term strategic planning.

FINANCIAL IMPACT

There is no immediate fiscal impact associated with the implementation of a two-year budget cycle. Costs associated with modifications to reports will be absorbed within the existing Administrative Services Department budget.

REPORT PREPARED BY Barbara Arenado, Budget Officer