CITY OF LOS ALAMITOS

3191 Katella Avenue
Los Alamitos, CA 90720

AGENDA
BUDGET STANDING COMMITTEE
SPECIAL MEETING

Monday August 23, 2021 – 5:00 p.m.

SAFETY ALERT –NOTICE REGARDING COVID-19

Due to COVID-19, the City of Los Alamitos Budget Standing Committee Special Meeting on August 23, 2021 will be conducted by videoconference pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20. The public may access the meeting electronically or telephonically.

Pursuant to Executive Orders and given the current health concerns, members of the public can access meetings by using your phone to dial +1 (301) 715-8592 and enter the Meeting ID: **837 3661 7515**. Your microphone will be disabled upon entry for the duration of the meeting. **Members of the public may not attend the meeting in person.**

The public can submit comments to cityclerk@cityoflosalamitos.org with the subject line "PUBLIC COMMENT ITEM #" (insert the item number relevant to your comment). Comments **received by 3:00 p.m.** will be compiled and provided to the Budget Standing Committee and made available to the public before the start of the meeting. Staff will not read email comments at the meeting but the official record will include all email comments received until the close of the meeting.

Members of the public wishing to verbally deliver comments via the telephone conference can submit their requests to cityclerk@cityoflosalamitos.org **until the close of the public comment period**. The City Clerk will compile a list of speakers who have indicated a desire to speak. Before the close of the meeting, the City Clerk will announce each speaker, enable the speaker's microphone, and begin the three minute timer. The speaker's microphone will automatically be disabled at the end of three minutes.

All speakers shall observe civility, decorum and good behavior. Any item submitted to the Budget Standing Committee during the meeting shall become public record and subject to applicable disclosure laws.

NOTICE TO THE PUBLIC

This Agenda contains a brief general description of each item to be considered. Except as provided by law, action or discussion shall not be taken on any item not appearing on the agenda. Supporting documents, including staff reports, are available for on the City's website at www.cityoflosalamitos.org once the agenda has been publicly posted.

Any written materials relating to an item on this agenda submitted after distribution of the agenda packet are available for public inspection on the City's website at www.cityoflosalamitos.org.

It is the intention of the City of Los Alamitos 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, please contact the City Clerk's Office at (562) 431-3538, extension 220, 48 hours prior to the meeting so that reasonable arrangements may be made.

1. CALL TO ORDER

2. ROLL CALL

Mayor Chirco
Mayor Pro Tem Hasselbrink

3. CONSENT CALENDAR

A. Approval of Minutes

Approve the Minutes of the Special Meeting on June 7, 2021.

4. DISCUSSION ITEMS

A. ARPA FUNDING FOLLOW UP DISCUSSION

This report provides an update on the funding and discussion of allowable uses within the parameters as established by the U.S. Treasury.

Recommendation: Review and discuss additional information in connection with the ARPA funding and discuss potential uses as set forth in the U.S. Treasury guidelines.

B. PERS UAL FUNDING FOLLOW-UP DISCUSSION

This report provides additional information and follow up discussion in connection with review of an early payoff option for the PERS unfunded liability.

Recommendation: Review and discuss additional information in connection with review of additional PERS funding to reach an earlier payoff of the UAL

C. PURCHASING POLICY REVIEW DISCUSSION

This report will review the City's current purchasing policy thresholds as defined in the City's Municipal Code and discussion and comparison with other agencies.

Recommendation: Review and discuss the City's Purchasing System within the scope of the current policy and discuss possible modification to improve the purchasing process.

D. ECONOMIC DEVELOPMENT DISCUSSION

Staff will provide an update and highlight the City's current efforts in connection with key economic programs.

Recommendation: Review and discuss the City's current efforts in pursuing Economic Development programs.

5. CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATOR

City Negotiator:	Chet Simmons, City Manager
Employee Organization:	Los Alamitos Police Officers Association
Authority:	Government Code Section 54957.6

B. CONFERENCE WITH LABOR NEGOTIATOR

City Negotiator:	Chet Simmons, City Manager
Employee Organization:	Teamsters Local 911
Authority:	Government Code Section 54957.6

C. CONFERENCE WITH LABOR NEGOTIATOR

City Negotiator:	Chet Simmons, City Manager
Unrepresented Employees:	Executive Management, Middle Management and Non-Management Employees
Authority:	Government Code Section 54957.6

6. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted at Los Alamitos City Hall, 3191 Katella Ave. and available on the City's website, www.cityoflosalamitos.org, not less than 24 hours prior to the meeting.

Craig Koehler, Finance Director

MINUTES OF THE BUDGET STANDING COMMITTEE OF THE CITY OF LOS ALAMITOS

SPECIAL MEETING

Monday June 7, 2021 – 5:00 p.m.

1. CALL TO ORDER

The Budget Standing Committee met for a Special Meeting at 5:05 p.m., Monday, June 7, 2021, via video conference, Mayor Chirco and Mayor Pro Tem Hasselbrink presiding.

2. ROLL CALL

Present: Committee Members: Mayor Chirco
Mayor Pro Tem Hasselbrink

Absent: Committee Members: None

Present: Staff: Chet Simmons, City Manager
Craig Koehler, Interim Finance Director
Chelsi Wilson, Executive Assistant / Benefits Coordinator

3. CONSENT CALENDAR

A. Approval of Minutes
Motion/Second: Chirco/Hasselbrink
Unanimously Carried: The Budget Standing Committee approved the Minutes of the Special Meeting on May 6, 2021.

4. DISCUSSION ITEMS

A. Follow-Up Discussion for Preliminary Budget for Fiscal Year 2021-22 and Fiscal Year 2022-23

The Committee received additional information that was requested at the May 6 Budget Standing Committee meeting and the May 17 Council meeting in connection with PERS liability and paydown options, Police services for motor and bicycle patrols, homeless shelters, self-insurance program and savings, staffing and timeline, and ARPA funding.

The Committee requested staff to follow up with additional information on the PERS liability and savings associated with early paydown options that will be discussed at the June 21st Council meeting.

Additional information for ARPA will be brought back to the Budget Standing Committee meeting at a subsequent meeting with a draft plan for possible uses once final details of the funding are known.

5. ADJOURNMENT

The meeting adjourned at 6:15 p.m.

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Craig Koehler, Finance Director

City of Los Alamitos
BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: August 23, 2021 **ITEM NUMBER: 4A**

To: **Budget Standing Committee Members**

Presented By: **Craig Koehler, Finance Director**

Subject: **ARPA Funding Follow-Up Discussion**

SUMMARY

This report provides additional information in connection with the American Rescue Plan Act (ARPA) funding and discussion of potential uses under the U. S Treasury guidelines.

RECOMMENDATION

Review and discuss additional information in connection with the ARPA funding and discuss potential uses as set forth in the U.S. Treasury guidelines.

BACKGROUND

A report on the American Rescue Plan Act (ARPA) funding was presented to the City Council on June 21, 2021. Council requested that staff return to the Budget Standing Committee for discussion of options for possible uses and development of a spending plan. This report will provide additional information and discussion of options for uses of the ARPA funding.

DISCUSSION

The American Rescue Plan Act (ARPA) became law on March 11, 2021. The City will receive $2,726,883, to be distributed in 2 tranches. The first half, $1,363,442, was received on July 13, 2021, and the second installment will be 12 months following receipt of the initial payment, by July 31, 2022. The funding remains available for spending until December 31, 2024 and any unexpended funds must be returned to the U.S. Treasury.

Although final guidance has not yet been released, an Interim Final Rule, dated May 17, 2021, and Coronavirus State and Local Recovery Funds (CSLRF) FAQ, published July 19, 2021, provide a general guideline for eligible uses:

1. To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

2. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers:

3. For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and

4. To make necessary investments in water, sewer, or broadband infrastructure.

Within these guidelines, the City could consider additional qualified expenditures for additional CIP infrastructure or other related qualified expenditures based on the general guidelines.

Listed below are some potential uses for consideration:

- Direct Assistant Programs
  - Financial stimulus for residents (program to be defined based on final guidelines)
  - Provide reopening assistance to businesses

- Public Health and Safety
  - Additional public green space
  - Allowed improvements to existing parks, community center

- Critical infrastructure
  - Cyber security
  - Ventilation improvements to public facilities

- City's fiscal health
  - Recover revenue losses to fund government services

The initial estimate for revenue loss, as calculated using the revenue loss tool provided by the U. S. Treasury, is approximately at $1 million.

Once final clarification from the U.S. Treasury is released, a formal spending plan can be prepared.

The deadline for spending is December 31, 2024. The initial reporting for the annual Project and Expenditures will cover activity from the date of the initial award form July 31, 2021 to September 30, 2021, and will be due to Treasury by October 31, 2021, and annually thereafter on October 31 of each year, until the end of the end of the award period December 31, 2026.

Submitted By: Craig Koehler, Finance Director
Approved By: Chet Simmons, City Manager

City of Los Alamitos
BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: August 23, 2021 **ITEM NUMBER: 4B**

To: **Budget Standing Committee Members**

Presented By: **Craig Koehler, Finance Director**

Subject: **PERS UAL Funding Follow-Up Discussion**

SUMMARY

This report provides additional information in connection with review of additional PERS funding to reach an earlier payoff of the unfunded liability (UAL).

RECOMMENDATION

Review and discuss additional information in connection with review of additional PERS funding to reach an earlier payoff of the UAL

BACKGROUND

A report on additional PERS funding for an UAL paydown was presented to the City Council on June 21, 2021. Council requested that staff return to the Budget Standing Committee for additional study and review of the different options available to the City in order to determine the feasibility of an early Pay-Down Plan for the unfunded liability, as well as developing needed polices.

DISCUSSION

Pension costs continue to be a major part of the City's employee and benefit costs and represent 48% of the total employee costs. The City is projected to pay $2,352,638 to CalPERS in Pension Costs for FY21-22, that includes the UUAL payment of $1,677,621, which was paid in July. This is an overall increase of $243,386, or 17%, from prior year FY20-21 UAL cost of $1,434,235. This increase is being driven by a number of factors, but most notably the efforts to shorten the event horizon of amortizing the portfolio gains/losses from 30 years to 20 years

In addition to these increases, the discount factor that CalPERS uses to gauge its investment portfolio is scheduled to change later this year, which will further increase costs. In 2015, CalPERS adopted a new Funding Risk Mitigation Policy to help balance pension plan risks, funding, and costs. The policy lowers the expected investment return and the discount rate in years of good investment returns. This CalPERS policy is triggered when investment returns during the fiscal year exceed the targeted rate of return by 2 or more percentage points, which they did in this last fiscal year with a preliminary 21.3 net return on investments. This is the first time it has been triggered. The maximum amount the discount rate can be reduced in any one year is 0.25% or 25 basis points. The new discount rate is estimated to be lowered to 6.90%, from the current level of 7.15%.

What this means to employers, is that when the discount rate is lowered, liabilities increase, specifically the UAL. A potential way to address rising pension costs would be to accelerate payments, making payments over a shorter time period thereby reducing the liability, and bring the funding ratio closer to a targeted percentage of funding. Estimates provided by CalPERS for savings in connection with an earlier payoff and funding of the UAL range from $3 million to $9 million, depending on the level of funding.

Staff has reviewed options for the work needed to study this, including obtaining independent studies and other modeling. In looking at alternatives to better understand CalPERS actuarial calculations, staff reached out to the premier Actuarial providers, Bartel Associates LLC., for analyzing options with regard to the CalPERS unfunded liability. Staff also contacted GovInvest to research their capabilities in connection with pension cost modeling and projecting retirement liabilities. The independent actuarial by Bartel Associates would be useful as a comparison to CalPERS, but serves as a one-time "snapshot" study and does not allow for any sensitivity analysis beyond the basic scope of work. As an alternative, staff engaged GovInvest as their technology capabilities allow for real-time modeling capabilities that will allow staff to build a "living model" that can be constantly adjusted in order to review potential funding decisions and chart long-term financial changes based on those decisions.

Established in 2014, GovInvest's modeling consists of cloud-based software, actuarial valuations, funding reports, accounting valuations, and actuarial consulting. A one-year trial option to acquire their pension and labor modeling software has been entered into under the City Manager's signing authority. Finance is currently in the process of providing the data from CalPERS to build the City's new model. An estimate of three to five weeks will be required to have the model fully operational. Once the model is ready, staff will purview the model and its capabilities, and will provide a demonstration to the Budget Standing Committee in September.

Submitted By: Craig Koehler, Finance Director
Approved By: Chet Simmons, City Manager

Attachment 1. Bartel Associates Actuarial Study Quote
Attachment 2. GovInvest Proposal for Actuarial Services and Technology

BARTEL ASSOCIATES, LLC

July 9, 2021

Craig A. Koehler
Interim Director of Finance
City of Los Alamitos
3191 Katella Ave.
Los Alamitos, CA 90720

Re: City of Los Alamitos – CalPERS Rate Projections and Pension Paydown Analysis

Dear Mr. Koehler:

Bartel Associates would be pleased to provide the City of Los Alamitos actuarial consulting services.

Background
The City participates in CalPERS, providing

- Miscellaneous – 2.7%@55 benefit formula for classic members and the PEPRA 2%@62 benefit formula for new members hired on or after January 1, 2013.
- Safety – 3%@50 benefit formula for classic members and the PEPRA 2.7%@57 benefit formula for new members hired on or after January 1, 2013.

All plans are in CalPERS risk pools.

As you know, CalPERS Board approved many changes which are still being phased into contribution rates:

- Demographic assumption changes, mainly mortality improvement, each phased-in over 5-years
- Risk mitigation strategy, expected to lower investment risk and discount rates, resulting in higher employer contribution rates gradually over the next 20 years or so.
- In December 2016, CalPERS approved a reduction in the discount rate over the next 3 valuations and suspended the risk mitigation implementation until the June 30, 2018 valuation. The decision was, in part, based on outside investment advisors' belief that investment returns over the next 10 years will be 6.2%, well below the then-current 7.5% assumed return.
- Amortization policy changes starting with June 30, 2019 actuarial valuations. These changes are expected to result in increased contributions over the next 10-15 years and greater contribution volatility.

Project Scope and Fees

- Bartel Associates will project CalPERS contribution rates, including asset return sensitivity, for 30 fiscal years showing the combined impact of:
    - PEPRA changes,
    - CalPERS new contribution policy,
    - Discount rate changes,
    - Lower expected investment returns over the next decade, and
    - Investment return volatility.
- Our projections will take into account CalPERS investment returns for the 2020 and 2021 fiscal years, including the impact of risk mitigation

- Our projections will adjust CalPERS June 30, 2020 valuation reports for City payroll changes since that date. Note the June 30, 2020 valuation reports are expected in July or August.
- We will include a CalPERS review:
  - Summary of historical information for the Miscellaneous and Safety plans:
  - Participant demographics, contribution rates, and, funded status
  - Analysis of change in required contributions for next year.
- We will analyze the City's options with regard to the CalPERS unfunded liability, including:
  - Continue making required CalPERS payments as billed
  - Make additional discretionary payments to CalPERS from City funds (ADPs), including a "soft fresh start"
  - Make payments to a Section 115 pension trust from City funds, and use that to mitigate future CalPERS rate increases, and/or to eventually pay down the unfunded liability.
- We will have 1 meeting (video) with City staff to discuss results.

The following table summarizes the projects and fee estimates:

Project Options	Estimated Fees	Not To Exceed
■ CalPERS review and contribution projections	$7,500	$8,500
■ UAL prefunding analysis, including ADPs and Section 115 Trust	3,000	3,500
■ Virtual meeting with City staff	included	included
■ Council presentation (optional)	1,000	1,500
■ Total	11,500	13,500

- We will bill the City at the following 2021 hourly rates:

Position	2021 Hourly Rate[1]
Partner & Vice President (Redding)	$300
Assistant Vice President (Lin)	270
Associate Actuary	220
Senior Actuarial Analyst	200
Actuarial Analyst	160

- The above time is estimated and does not include time for:
  - **Formal Report.** The project includes a discussion outline with significant detail. This document is not meant to be a stand-alone explanation to give to Council. A Formal Report is a stand-alone report summarizing results. Our fees to prepare this will be approximately $3,000.
  - **More than 1 meeting**. Additional meetings (e.g. Council, Committee, or bargaining group meetings) will increase the above time by actual meeting and preparation time. If no additional work is necessary, then fees will be $1,000 to $1,500 for an additional virtual meeting.
- Hourly rates include provision for miscellaneous expenses; no expenses will be billed.

1 We are keeping 2021 hourly rates the same as 2020 in order to help our clients in these difficult times

Data

To complete our review, please provide:

- The June 30, 2020 actuarial reports when available. We have downloaded the June 30, 2017 to June 30, 2019 reports and have old reports on file from prior projects.
- Detailed descriptions of any employee cost-sharing agreements, if any.
- Detailed descriptions of employer paid member contributions (EPMC), if any.
- If the City issued a POB in the past, the debt service with breakdown by Miscellaneous and Safety.
- For our modeling only, the estimated amount of City funds that could be transferred to CalPERS or a Section 115 Trust.
- Other CalPERS correspondence, if appropriate.

We are prepared to begin this project immediately and can set a meeting date as soon as we receive the above information. Initial meeting dates are usually set approximately 4-5 weeks after we receive the actuarial information. Please contact me at mbredding@bartel-associates.com if you have any questions. We look forward to working with you and the City.

Sincerely,

Mary Elizabeth Redding

Mary Elizabeth Redding, FSA
Vice President and Actuary

c: Bianca Lin, Bartel Associates, LLC
O:\Clients\City of Los Alamitos\Proposals\2021\BA LosAlamitosCi 21-07-09 CalPERS Review & Prefunding Analysis fee letter.docx

Craig Koehler

From:	Bianca Lin <blin@bartel-associates.com>
Sent:	Friday, July 9, 2021 12:12 PM
To:	Craig Koehler
Cc:	Mary Beth Redding
Subject:	RE: Pension Actuarial - Los Alamitos
Attachments:	BA LosAlamitosCi 21-07-09 CalPERS Review & Prefunding Analysis fee letter.pdf

Hi Craig,

Mary Beth asked me to send you attached fee letter for the City's CalPERS study. After you have a chance to review it, please let us know if you have any questions.

Have a good weekend!

Thanks,
Bianca

From: Craig Koehler <CKoehler@cityoflosalamitos.org>
Sent: Monday, June 28, 2021 4:18 PM
To: Mary Beth Redding <mbredding@bartel-associates.com>
Subject: RE: Pension Actuarial

Hi Marybeth,

Yes, that will work. Look forward to speaking with you.

Craig A. Koehler
Interim Director of Finance
City of Los Alamitos
3191 Katella Ave.
Los Alamitos, CA 90720
562-431-3538 Ex 222
ckoehler@cityoflosalamitos.org

My City ♥ My Los Al

From: Mary Beth Redding <mbredding@bartel-associates.com>
Sent: Monday, June 28, 2021 4:14 PM
To: Craig Koehler <CKoehler@cityoflosalamitos.org>
Subject: RE: Pension Actuarial

Hi Craig,

Thanks.

Mary Beth Redding

Mary Elizabeth Redding, FSA, Vice President
BARTEL ASSOCIATES, LLC
Bartel Associates, LLC
411 Borel Avenue, Suite 620
San Mateo, CA 94402
Phone: 650/377-1617
Cell: 626/808-2157

From: Denise Brown <dbrown@bartel-associates.com>
Sent: Monday, June 28, 2021 10:37 AM
To: Mary Beth Redding <mbredding@bartel-associates.com>
Subject: FW: Pension Actuarial

From: Craig Koehler <CKoehler@cityoflosalamitos.org>
Sent: Monday, June 28, 2021 10:25 AM
To: info <info@bartel-associates.com>
Subject: Pension Actuarial

Interested in a quote for pension actuarial in connection with early payoff of PERS UAL.
Please contact me at your earliest convenience.

Craig A. Koehler
Interim Director of Finance
City of Los Alamitos
3191 Katella Ave.
Los Alamitos, CA 90720
562-431-3538 Ex 222
ckoehler@cityoflosalamitos.org

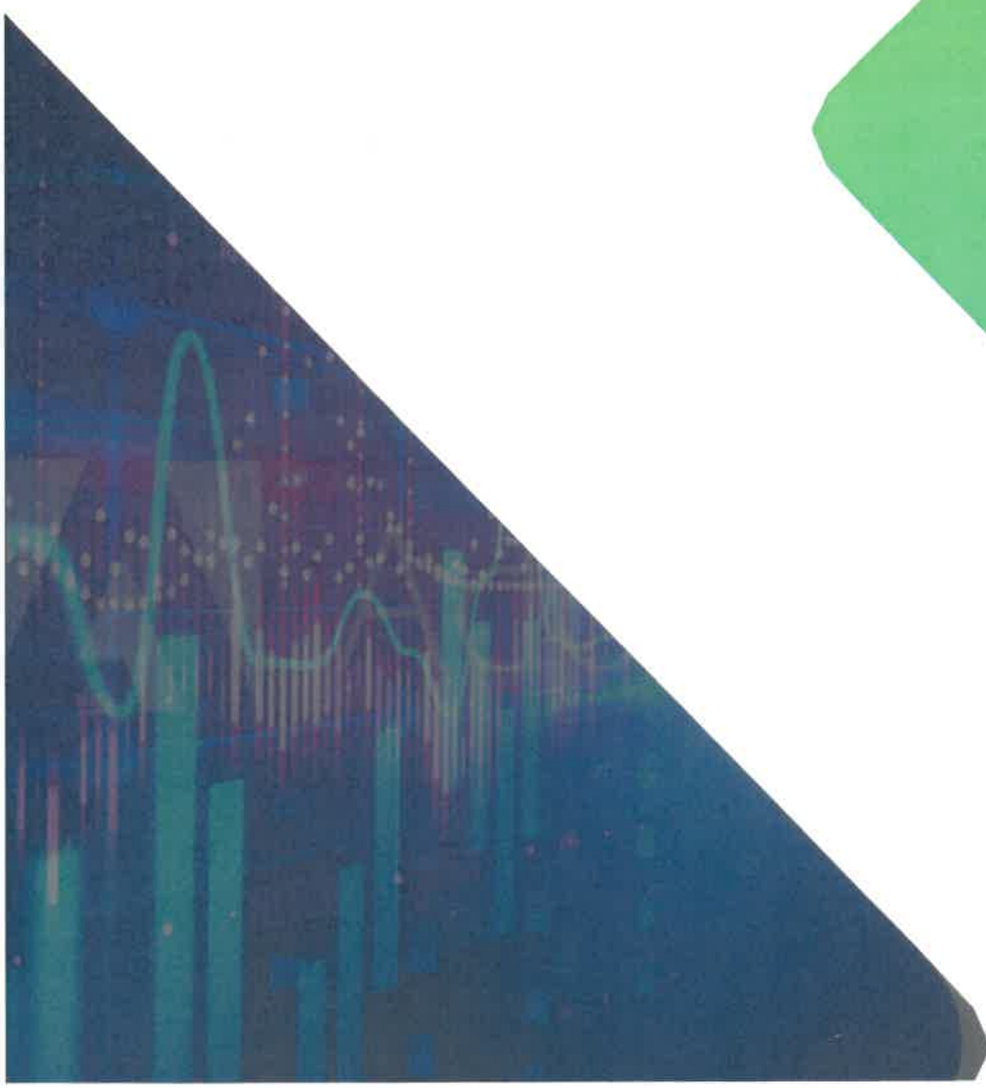
My City ♥ My Los Al

GovInvest
Insights to your financial future

Proposal for Actuarial Services and Technology

TRANSPARENT SOLUTIONS FOR PENSION, OPEB and LABOR COSTING INFORMATION

Attention: Los Alamitos, CA
Prepared By: Jason Huk
Date: June 30, 2021



GovInvest Inc.
3625 Del Amo Blvd., Suite 200
Torrance, CA 90503

Date: June 30, 2021

Craig Koehler, Director of Finance
3191 Katella Ave.
Los Alamitos, CA 90720

Dear Craig,

Thank you for reviewing this proposal. We are submitting this letter to summarize the actuarial consulting and technology services for Los Alamitos. Through innovative solutions, the efficient use of technology, and a focus on quality, we are an outstanding choice for actuarial consulting services and labor costing software for the City.

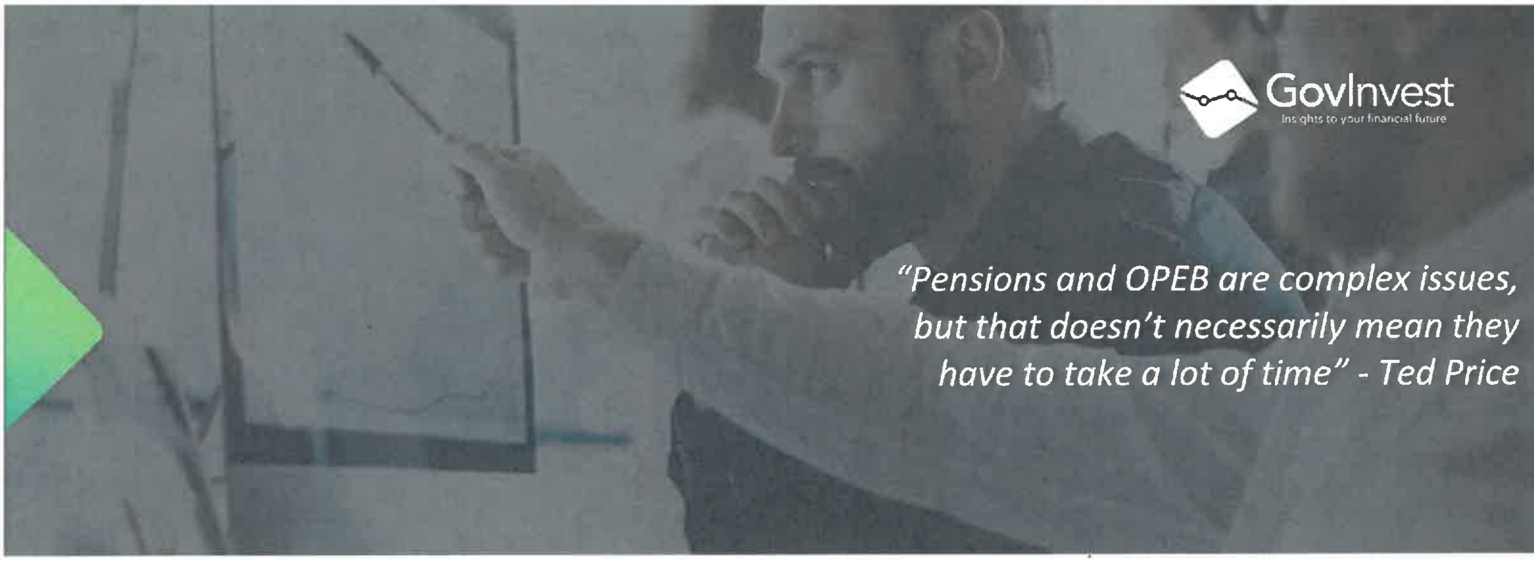
We designed our software and tailor our services for potential clients like you. You are empowered to better understand your liabilities and costs and our solutions help you manage those costs into the future. We are continuously updating our software and services based on the changing state and local environment and the evolving needs and concerns of our clients.

The firms we use have years of experience, meet all certification requirements, and have extensive experience in the defined benefit actuarial field. The GovInvest team brings many years of experience stemming from issues passing budget preparation, negotiations, costing analysis and passing key policy development for agencies in State and Local Government.

The following sections include: Company Overview, Scope of Services, Implementation, Added Value, and Terms for GovInvest.

We look forward to the opportunity of working with you.

Ted Price
CEO



COMPANY OVERVIEW

Since 2014, GovInvest has brought together leading actuaries, engineers, and designers to build innovative technological solutions to empower government agencies to better navigate the complexities of actuarial analysis. Our solution suite consists of our cloud-based software, actuarial valuations, funding reports, accounting valuations, and actuarial consulting.

When Co-founders Jasmine Nachtigall-Fournier and Ted Price saw the actuarial valuation reports that agencies depended on to make key decisions about funding their future employee benefits, they realized how complicated, outdated, and obsolete the reports could be, and set out to build the Total Liability Calculator, a cloud-based software platform that provides our clients with real-time information, instant actuarial and financial analysis, and insights into how to pay down unfunded liabilities. By facilitating easy communication of complex information to decision-makers and stakeholders, our firm has effectively increased efficiency and education towards transparent solutions.

"It was extremely helpful to have access to an actuary as an additional resource through GovInvest"

- Finance Manager, Lake Arrowhead CSD

"GovInvest was such a great help to the City during our MOU negotiations with the employee groups"

- Director of Administrative Service, Marina Coast Water City

"The software is very user friendly, and staff is very helpful in assisting with questions and helping to better understand the software data"

- Deputy City Manager, Brisbane

"We want to take the pain out of the labor costing process."
- Jasmine Nachtigall-Fournier

COMPANY OVERVIEW

Since 2016, GovInvest has brought together leading labor costing experts, engineers, and designers to build innovative technological solutions to empower government agencies to better navigate the complexities of labor costing analysis. Our solution suite consists of our cloud-based software, cost reports, and labor costing consulting.

When Co-founders Jasmine Nachtigall-Fournier and Ted Price saw the labor costing analysis that agencies depended on to make key decisions about managing their workforce, they realized how complicated, outdated, and obsolete the reports could be. They set out to build the Labor Costing Module, a cloud-based software platform that provides our clients with real-time information, instant financial analysis, and insights into how to manage their payroll obligations. By facilitating easy communication of complex information to decision- makers and stakeholders, our firm has effectively increased efficiency and education towards transparent solutions.

GovInvest's customer success team, engineers, retirement experts, and actuarial consultants are with your agency every step of the way to provide the best advice using instant analysis when you want it and quality certified reports when required. This is a relationship that no other company can offer.

There are several qualities that differentiate our approach from other firms. These are:

- **Experience:** We have more depth and experience than most other independent firms. We're large enough to respond to client requests in a timely manner.
- **Knowledge Leadership:** We've built our firm on knowledge leadership and leveraging this information for our clients' benefit.
- **Practical Advice:** Our consultants excel at explaining complex topics in layman's terms so that our clients can make informed decisions.

We believe that all agencies, regardless of size, must address similar issues:

- Understanding the extent of current bargaining unit agreements;
- Developing strategies to control costs
- Clearly communicating costs and strategies to stakeholders.

Bring Your Pension, OPEB and Workforce Cost Analysis to Life with Real-Time Data

PENSION & OPEB

- Project, measure and visualize employer retirement liabilities and costs.
- Adjust discount rate, investment return, amortization methods, impact on 115 Trusts, and more.

LABOR NEGOTIATIONS

- Project retirement costs on proposals, analyze bargaining units, and measure changes in workforce.
- Salary increases, benefit costs, special pays, demographic analysis, and budget accounting.

CONSULTING & REPORTS

- All reports certified by Actuaries with more than than 30 years of experience
- GASB valuation reports, actuarial funding reports, and budget studies.

SUPPORT & DEVELOPMENT

- Regular Webinars
- Unlimited Individual Training
- Annual Data Updates
- Presentation Support

COMPLEX ANALYSIS SIMPLIFIED FOR ANY AGENCY.

Services included with purchase of Software

GovInvest
Insights to your financial future

UNLIMITED LOGINS

CONSULTATIVE PLANNING SESSIONS

CUSTOM TRAINING USING SCREEN SHARES

PRESENTATION REVIEW

PERIODIC UPDATES (GASB & CALPERS)

REPORT READING AND PREPARATION

ON-SITE TRAINING FOR ACTUARIAL CONCEPTS AND ANALYSIS

ACCESS TO USER GROUP MEETINGS

ACCESS TO TEAM OF RETIREMENT PLAN EXPERTS

ACCESS TO NEW FEATURES

REVIEW OF FUNDING METHODOLOGIES AND TRENDS

DEDICATED SUPPORT

GovInvest

GOVINVEST TIMELINE

SOFTWARE IMPLEMENTATION

INFORMATION COLLECTION

- GovInvest will work with you during the information collection process
- Most data requests can be fulfilled using your myCalPERS portal

ONBOARDING

- Once we receive the requested information, our actuaries create a sophisticated model that projects your agencies liabilities and costs

TESTING

- Stress test results and output
- Confirm module specification with client

DELIVERY

- Agency custom dashboard goes live
- Deliver logins to client
- Schedule one-on-one walk-through of customized software

UPDATES, SUPPORT AND WEBINARS

(Included with no additional fee)

- Monthly webinars with industry professionals
- Hands on personal support
- Continuous feature and data updates

GOVINVEST TIMELINE

ANNUAL GASB REPORTING

VALUATION PROCESS

- Request data from client
- Review data
- Discuss any data issues with the client

PROCESSING

- Delivery of substantive data plan
- Claims cost, census finalized
- Code information to perform valuation

PLANNING

- Analyze data and choose appropriate assumptions.
- GovInvest partners with actuarial firms to provide an accurate and timely report

VALUATION REVIEW

- Submit a draft report for review
- Delivery of final draft
- Actuary available to discuss results

OPTIONAL ITEMS

(Additional fee TBD)

- One-on-one meeting at client's office to discuss software or report findings
- In person presentation by an actuary or public pension expert

REINVENTING PENSION ANALYSIS

Complicated pension information simplified into an interactive and visual software platform that allows you to do what-if analysis

PENSION

TEST FUNDING STRATEGIES IN REAL-TIME

- Sensitivity Analysis
- Amortization Analysis
- CalPERS Fresh Start
- Additional Employee & Employer Contributions
- Workforce Reduction Methods
- Section 115 Trust
- Salary/ COLA adjustments

OPTIMIZE BARGAINING DECISIONS

- Data Visualization in Interactive Graphical Format
- Additional Employee/ Employer contributions
- Analyze impact on
    - Normal Cost
    - UAL
    - Funded Status

ALL GOVINVEST PRODUCTS

TRANSPARENT VISUALS AND ANALYTICS

- Intuitive Graphs
- Complex Data Simplified (ex. Unfunded Actuarial Liability)
- Visualize Comparisons
- Presentation Using our Graphs
- Sharable Scenarios

HANDS ON SUPPORT

- Individual Training
- Monthly Webinars
- Expert Actuarial Support
- Presentation Development
- Strategic Planning

REINVENTING OPEB ANALYSIS

Complicated OPEB information simplified into an interactive and visual software platform that allows you to do what-if analysis

OPEB

TEST FUNDING STRATEGIES IN REAL-TIME

- % of ARC payments
- Discount Rate
- Medical Trend Rate
- Lump Sum Payments
- Amortization Periods
- Set-Up an OPEB Trust
- Track CERBT/PARS Returns

OPTIMIZE BARGAINING DECISIONS

- Premium Caps
- Employer % of Premium
- Employee Contribution
- Vesting Period
- PEMHCA Minimum
- Adding Benefit Tiers

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- Presentation Using our Graphs
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City of Los Alamitos
BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: August 23, 2021 **ITEM NUMBER: 4C**

To: **Budget Standing Committee Members**

Presented By: **Craig Koehler, Finance Director**

Subject: **Purchasing Policy Review Discussion**

SUMMARY

This report provides information in connection with the City's current purchasing policy as defined in Chapter 2.60 of the Los Alamitos Municipal Code.

RECOMMENDATION

Review and discuss the City's Purchasing System within the scope of the current policy and discuss possible modification to improve the purchasing process.

BACKGROUND

The City's current purchasing policy is defined in Chapter 2.60 of the Los Alamitos Municipal Code. The code defines the purchasing limits for the City Manager's authority as well as purchasing dollar thresholds requiring approval by the City Council.

DISCUSSION

The current purchasing policy approvals are defined in Chapter 2.60 of the Los Alamitos Municipal Code. The policy has been in place for many years and has provided guidance for purchasing decisions. As City's operations have expand, and so has the need for modifying the purchasing policy to allow for more efficient operations. Under the current policy, the City Manager's approval authority is limited to purchases, and contracts for supplies, equipment and services up to $20,000. In many cases, contracts and services exceed this amount, and delays have occurred in engaging needed work in a timely manner.

Staff has reviewed the purchasing policy and compared it with other surrounding municipalities. Some of these policies appear to be more aligned with current operational needs and provides for better workflow efficiencies. As a comparison, staff has provided Los Alamitos and Westminster's purchasing policy as reference points.

Staff would like to review and discuss the City's current purchasing policy and consider modifying the approval authority limits to better align with operating needs to result in better workflow and more efficient operations.

Submitted By: Craig Koehler, Finance Director
Approved By: Chet Simmons, City Manager

Attachment 1. Los Alamitos Municipal Code - Chapter 2.60 Purchasing System
Attachment 2. Purchasing Policy Comparison

Chapter 2.60 PURCHASING SYSTEM

Note

* Prior ordinance history: Ords. 480, 485, 499 and 578.

2.60.010 Purchasing system adopted.

In order to establish efficient procedures for the purchase of supplies and equipment, to secure for the city supplies and equipment at the lowest possible cost commensurate with quality needed to exercise positive financial control over purchases, to clearly define authority for the purchasing function and to assure the quality of purchases, a purchasing system is adopted. The purchasing ordinance is divided into two sections; formal contract and open market procedures, each having its own distinct requirement. (Ord. 622 § 1, 1999)

2.60.020 Purchasing officer.

There is created the position of purchasing officer. The city manager shall be the purchasing officer. The city manager may delegate any of the powers and duties conferred upon him or her as purchasing officer to any other officer or employee of the city. The purchasing officer shall:

A. Purchase or contract for supplies and equipment required by any department in accordance with purchasing procedures prescribed by this chapter, such administrative regulations as the purchasing officer shall adopt, and such other rules and regulations as shall be prescribed by the city council;

B. Negotiate and recommend execution of contracts for the purchase of supplies and equipment;

C. Act to procure for the city the needed quality in supplies and equipment;

D. Discourage uniform bidding and endeavor to obtain full and open competition on all purchases; provided, however, the purchasing officer may request bids based on brand name or specific make or model when he or she has made the determination that such specific makes or names are clearly in the best interest of the city. Such determination shall be made in writing and shall state the factors taken into account, including, but not limited to, the following:

1. Prior or existing use by the city of the brand or name,
2. Familiarity of the city's employees with the product,
3. Cost savings expected,
4. Spare parts or accessories on hand,
5. Elimination of the need for training on new equipment,
6. Unique adaptability of the brand or name to the city function which it will perform;

E. Keep informed of current developments in the field of purchasing, prices, market conditions and new products;

F. Prescribe and maintain such forms as are reasonably necessary to the operation of this chapter and any other rules and regulations;

G. Supervise the inspection of all supplies and equipment purchased to ensure conformance with specifications;

H. Recommend the transfer of surplus or unused supplies and equipment between departments as needed and recommend the sale of all supplies and equipment which cannot be used by any agency or which have become unsuitable for city use;

I. Maintain a bidders' list, vendors' catalog file and records needed for the efficient operation of the purchasing department.

The purchasing officer may consult with Orange County centralized purchasing before purchases are made. (Ord. 622 § 1, 1999)

2.60.030 Formal contract procedure.

Except as otherwise provided herein purchases and contracts for supplies and equipment of estimated value greater than twenty thousand dollars ($20,000.00) shall be awarded by written contract approved by the city council to the most qualified vendor pursuant to the procedure prescribed herein.

A. Request for Proposals. A request for proposals solicitation document shall be publicly noticed and made available to prospective vendors. The request for proposals shall describe the requested supplies and equipment in general terms, how to obtain more detailed information concerning the procurement, and state the time, place, and deadline for submission of proposals.

1. Published Notice. The request for proposals shall be publicly noticed in any generally accepted manner, which includes on the city's official website. In addition, such notice may include publication in an adjudicated newspaper of general circulation, printed and published in the city, posting in at least three public places within the city that have been designated by resolution as the places for posting public notices, and/or a public bulletin board in City Hall.

B. Proposal Opening Procedure. Proposals shall be submitted to the purchasing officer and shall be identified as formal competitive proposals on the outside of the sealed envelope. Proposals shall be opened in public at the time and place stated in the request for proposals. A tabulation of all proposals received shall be open for public inspection during regular business hours for a period of not less than thirty (30) calendar days after the proposal opening.

C. Rejection of Proposals. At its discretion, the city council may reject any and all proposals presented for any reason or for no reason, and may suspend, delay, or otherwise cancel the procurement, or may order the re-advertisement of the request for proposals.

D. Award of Contracts. Contracts shall be awarded by the city council to the lowest cost proposer, except as otherwise provided herein, consistent with the most qualified vendor selection criteria set forth below.

1. Most Qualified Vendor. In determining the most qualified vendor, consideration is to be given to price, quality, and performance of the supplies or equipment to be purchased. Criteria for determining the most qualified vendor shall include but not be limited to the following:

a. The cost and quality of the supplies or equipment;

b. The ability, capacity, and skill of the vendor to perform the contract and to provide the supplies or equipment requested;

c. The ability of the vendor to provide the supplies or equipment requested promptly or within the time specified, without delay, interference, or service interruption;

d. The ability of the vendor to demonstrate the attributes of trustworthiness, quality, fitness, capacity, and experience to satisfactorily perform;

e. The character, integrity, reputation, judgment, references, experience, and efficiency of the vendor;

f. The quality of vendor's performance history and record on previous purchases or contracts with the city;

g. The ability of the vendor to provide future maintenance, repair parts, and services for the use of the supplies or equipment purchased; and

h. The ability of the vendor to demonstrate its prior, current, and continued compliance during the contract term with all applicable federal, state, and local laws, statutes, ordinances and all lawful orders, rules, and regulations promulgated thereunder.

E. Performance Bonds. The purchasing officer shall have authority to recommend that a performance bond or other form of security or guarantee be required before entering a contract in such amount as may be reasonably necessary to protect the best interest of the city. If the city council requires a performance bond or other form of security of guarantee, the form and amount of the bond, security or guarantee shall be described in the request for proposals, and the performance bond, security or guarantee shall be in a form approved by the city attorney. (Ord. 19-01 § 2, 2019; Ord. 622 § 1, 1999)

2.60.040 Open market procedure.

Purchases of supplies and equipment of an estimated value in the amount of between five thousand dollars ($5,000.00) and twenty thousand dollars ($20,000.00) may be made by the purchasing officer in the open market without observing the procedure prescribed by Section 2.60.030, but the following procedures shall be followed:

A. Minimum Number of Bids. Open market purchase shall, wherever possible, be based on at least three bids, and shall be awarded to the lowest cost bidder, consistent with the most qualified vendor selection criteria set forth in Section 2.60.030.

B. Notice Inviting Bids. The purchasing officer shall solicit bids by written requests to prospective vendors, and/or by telephone, and/or by public notice posted on a public bulletin board in City Hall and/or published on the city's official website.

C. Written Bids. Written bids shall be submitted to the purchasing officer who shall keep a record of all open market bids or the placing of orders. This record, while so kept, shall be open to public inspection. (Ord. 19-01 § 3, 2019; Ord. 622 § 1, 1999)

2.60.050 Exemptions from centralized purchasing.

The purchasing officer may authorize any department in writing to purchase or contract for specified supplies and equipment of a value not to exceed five thousand dollars ($5,000.00), independently of the purchasing department, but he or she shall require that such purchases or contracts shall be made in conformity with the procedures established by this chapter, and shall further require periodic reports from the department on the purchases and contracts made under such written authorization. (Ord. 19-01 § 4, 2019; Ord. 622 § 1, 1999)

2.60.060 Requisitions.

Departments shall submit requests for supplies and equipment to the purchasing officer by standard requisition forms. (Ord. 622 § 1, 1999)

2.60.070 Bidding.

Purchases of supplies and equipment shall be by bid procedures pursuant to Sections 2.60.030 and 2.60.040. Bidding shall be dispensed with only when an emergency requires that an order be placed with a known available source of supply, when the amount involved is less than five thousand dollars ($5,000.00), or when the commodity can be obtained from only one vendor. (Ord. 19-01 § 5, 2019; Ord. 622 § 1, 1999)

2.60.080 Purchase orders required—Exception.

Purchases of supplies and equipment shall be made only by purchase order; provided, however, that any city department that maintains a city issued credit card may make purchases with such credit card of less than one thousand five hundred dollars ($1,500.00). (Ord. 622 § 1, 1999)

2.60.090 Encumbrance of funds.

Except in cases of emergency, the purchasing officer shall not issue any purchase order for supplies or equipment unless there exists an unencumbered appropriation in the fund account against which the purchase is to be charged. (Ord. 622 § 1, 1999)

2.60.100 Inspection and testing.

The purchasing officer shall inspect supplies and equipment delivered to determine their conformance with the specifications set forth in the order or contract. The purchasing officer shall have authority to require chemical and physical tests of samples submitted with bids and samples of deliveries which are necessary to determine their quality and conformance with specifications. (Ord. 622 § 1, 1999)

2.60.110 Purchases through other agencies.

The procurement policies and procedures set forth in Sections 2.60.030, 2.60.040, 2.60.120 and 2.60.140 need not be followed when the city council or city manager determines that another public agency or government entity, including without limitation the county of Orange, the state of California, and the Federal Government (hereinafter "the acquiring agency") has selected the vendor using competitive bidding procedures substantially the same as or similar to those normally utilized by the city for the acquisition of such materials, supplies, equipment, or services. If such a determination is made, the city manager or city council as applicable may proceed to purchase the materials, supplies, equipment or services at a price equivalent to that offered to the acquiring agency. (Ord. 19-01 § 6, 2019; Ord. 622 § 1, 1999)

2.60.120 Purchase of electronic data processing and telecommunications equipment.

The city has found that electronic data processing and telecommunications equipment, goods and services are unique, and of such importance to city programs as to warrant a separate acquisition authority therefor.

A. Electronic Data Processing and Telecommunications Equipment—Acquisition by Competitive Means—Exceptions. Acquisition of electronic data processing and telecommunications goods and services by the city shall be conducted through competitive means, except when the city determines one of the following:

1. The goods and services proposed for acquisition are the only goods and services which can meet the city's needs;

2. The goods and services are needed in case of an emergency where immediate acquisition is necessary for the efficient operation and preservation of the city's services.

B. Procedure for Acquisition. The mode of acquisition to be used and the procedure to be followed shall be approved by the purchasing officer who shall adopt appropriate criteria and procedures to ensure compliance with the intent of this chapter. However, the procedure shall provide for issuance by the city of a solicitation document to, and for the submission of proposals by, prospective contractors.

C. Cost-Effective Solution to City Requirements—Evaluation—Exclusion of Vendors.

1. Contract awards shall be based on the proposal which provides the most cost-effective solution to the city's requirements, as determined by the evaluation criteria contained in the solicitation document. The evaluation procedures may provide for the selection of a vendor on a basis other than cost alone.

2. Evaluation of proposals for the purpose of determining contract award shall provide for consideration of a bidder's best financing alternative unless the city determines that a particular financing alternative should not be considered.

3. To the extent practical, the solicitation documents shall provide for a contract to be written to enable acquisition of additional items to avoid essentially redundant acquisition processes when it can be determined that it is economical to do so.

D. Disposal of excess goods—Manner. Electronic data processing goods and telecommunications equipment which are determined to be surplus to the city's needs shall be disposed of in a manner best serving the interest of the city, which may include auction, sale or transfer to other governmental entities or nonprofit entities.

E. Policies and Procedures—Price Negotiations, Performance, Availability Standards and Bonding or Penalty Assessments. The city may establish policies and procedures for all of the following:

1. Price negotiation with respect to all acquisitions conducted under this chapter;

2. System or equipment component performance or availability standards, including an assessment of the added cost to the city to receive contractual guarantee of a level of performance;

3. Requirement of a bond or assessment of a cost penalty with respect to a contract or consideration of a contract offered by a vendor whose performance has been determined unsatisfactory by the city.

F. Additional Rules and Regulations. The finance department may adopt additional rules and regulations consistent with the provisions of this chapter.

G. Contract for Goods and Services—Terms and Conditions—Progress Payments—Performance Bond. Any contract for electronic data processing goods and telecommunications equipment and services, to be manufactured or performed by the contractor especially for the city and not suitable for sale to others in the ordinary course of the contractor's business, may provide for such terms and conditions as the city deems necessary to protect its interests including, but not limited to, progress payments as the work is performed; provided that, at least ten (10) percent of the contract price is required to be withheld until final delivery and acceptance of the goods or services, and that the contractor is required to submit a performance bond of at least one-half the total payable under the contract. (Ord. 622 § 1, 1999)

2.60.130 City manager purchasing authority—Informal award of non-public project contracts.

A. Exemption for Personal, Professional, and Consulting Services. Except as provided in this section and Section 2.60.140, contracts involving the acquisition of personal, professional, consulting, or other services shall not be subject to the terms of this chapter.

B. City Manager Authority to Contract for Personal, Professional, and Consulting Services. The city manager is authorized to contract for personal, professional, and consulting services and to purchase equipment and supplies pursuant to this chapter without prior approval of the city council when the amount of the contract is less than twenty thousand dollars ($20,000.00) and there exists an unencumbered amount in the fund account against which the expense is to be charged at least equal to the contract cost. (Ord. 19-01 § 7, 2019; Ord. 12-01 § 2, 2012; Ord. 622 § 1, 1999)

2.60.140 City Council review—Formal award of non-public project service contracts.

A. Personal, Professional and Consulting Services. The city council shall review and approve the scope of services prepared for every personal, professional, or consulting services contract of more than twenty thousand dollars ($20,000.00). Contracts for personal, professional, or consulting services shall be awarded to the contractor who will best serve the interests of the city, taking into account the demonstrated competence, qualifications, and suitability for the project in general. The city may consider the cost of personal, professional, or consulting services if the authorized contracting party (i.e., the city council or city manager, as applicable) determines it to be a relevant factor under the circumstances.

B. Procedure. Except as provided by ordinance, prior to the award pursuant to this section of a contract for services in which cost is to be considered as a factor, a notice inviting bids or request for proposals shall be given to various qualified providers and all proposals received shall be considered. If the director of the using department certifies that, to the best of his or her knowledge, the service can be obtained only from one vendor or contractor, and that no equivalent services are available, the notice inviting formal bids or request for proposals may be sent exclusively to such vendor or contractor. Award of the contract shall be by formal motion, resolution, or ordinance of the city council within twenty-four (24) months of receipt of bids.

C. Proposals and Awards in Substantial Compliance. Proposals received pursuant to a request for proposals process in substantial compliance with the provisions of this section may be considered by the city and may be the basis for a contract award. (Ord. 19-01 § 8, 2019; Ord. 12-01 § 3, 2012)

23-Aug-21

Purchases, contracts for supplies, equipment (open market)	City of Los Alamitos (Muni Code Ch 2)	City of Westminster (Muni Code Ch 3)	Staff Recommendation
1. City Manager Approval Authority	up to $20,000	All expenditures w/in approved budget - reported regularly to Council Aggregate for same vendor < $175,000 > $45,000 = written agreement by CM	up to $50,000 Aggregate for same vendor < $50,000
2. Bidding	$5,000 to $20,000 3 bids	$15,000 to $175,000 2 bids	$15,000 to $50,000 2 bids, prefer 3
3. Exemption from formal bidding	< $5,000, emergency/piggyback	up to $3,500, emergency, piggyback	< $15,000, emergency/piggyback
4. Public Works Projects	> $10,000 = Council approval	< $45,000 = contract/PO $45,000 to $175,000 = informal bid > $175,000 = formal competitive sealed bid	> $50,000 = Council approval $15,000 to $50,000 = informal bid > $50,000 = formal competitive sealed bid
5. Exemptions from centralized purchasing	up to $5,000	In accordance with policy	up to $15,000
6. Purchases by credit card	up to $1,500	In accordance with policy	up to $1,500
7. Council Approval required	>$20,000	Expenditures > approved budget	>$50,000

City of Los Alamitos
BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: August 23, 2021 **ITEM NUMBER: 4D**

To: **Budget Standing Committee Members**

Presented By: **Craig Koehler, Finance Director**

Subject: **Economic Development Discussion**

SUMMARY

This report provides information regarding the development of the City's Economic Development Program.

RECOMMENDATION

Review and discuss the City's current efforts in pursuing Economic Development programs.

BACKGROUND

As with any city, economic development, promotion of the local business community, and business attraction/retention efforts are important pieces of Los Alamitos' long term financial health. As the City begins to refocus on these areas, the Development Services Department has begun to build out an overall framework for the City's economic development efforts going forward. Part of this planning includes a series of short-term projects that can be quickly deployed and will establish a baseline economic development operation as we move to more complex business development opportunities.

DISCUSSION

Staff will highlight and present current efforts in connection with the development of the City's Economic Development Programs for consideration by the Budget Standing Committee. Some of these programs include Shop Los Alamitos Outreach Program, Los Al Bucks, and other marketing and economic development initiatives.

Submitted By: Craig Koehler, Finance Director
Approved By: Chet Simmons, City Manager