

CITY OF LOS ALAMITOS

3191 Katella Avenue
Los Alamitos, CA 90270

AGENDA BUDGET STANDING COMMITTEE SPECIAL MEETING March 9, 2023 – 5:00 p.m.

SAFETY ALERT – NOTICE REGARDING COVID-19

If you wish to attend the City Council meeting in person, the Council Chamber located at 3191 Katella Ave., Los Alamitos, California 90720, will have seating for this meeting and the public shall have the right to observe and offer public comment at this location. **The City of Los Alamitos continues to follow the Centers for Disease Control and Prevention (CDC) guidelines and these provisions are subject change with short notice.**

While you may attend this meeting in person, given the health risks associated with COVID-19, please be advised that you may submit comments on any agenda item or on any item not on the agenda by email to cityclerk@cityoflosalamitos.org with the subject line "PUBLIC COMMENT". Comments **received by 3:00 p.m.** will be compiled, provided to the City Council, 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.

Please consider carefully before attending this meeting in person and do not attend this meeting in person if you have had direct contact with someone who has tested positive for Coronavirus (COVID- 19), or you are experiencing symptoms such as coughing, sneezing, fever, difficulty breathing or other flu-like symptoms.

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 review at City Hall in the City Clerk's Office or on the City's website at www.cityoflosalamitos.org once the agenda has been publicly posted.

Each matter on the agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Items listed as "for information" or "for discussion" may also be the subject of an "action" taken by the City Council at the same meeting.

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

1. CALL TO ORDER

2. ROLL CALL

Mayor Doby
Council Member Hasselbrink

3. CONSENT CALENDAR

A. Approval of Minutes

Approve the Minutes of the Special Meeting of February 16, 2023.

4. DISCUSSION ITEMS

A. Mid-Year General Fund Budget Review and Financial Update for Fiscal Year 2022-23.

This report provides the Budget Standing Committee and Council with a review of Mid-Year General Fund budget for the Fiscal Year 2022-23 and a projection for the fiscal year ending June 30, 2023.

Recommendation: Review the Mid-year General Fund budget for the Fiscal Year 2022-23, and projection for the Fiscal Year ending June 30, 2023. Provide direction and comments.

B. Potential Public Safety Enhancements

Recommendation: Consider proposed Potential Public Safety Enhancements.

C. Potential Community and Recreation Services Realignment

Recommendation: Consider proposed Community and Recreation Services Realignment.

D. Potential Finance Department Realignment

Recommendation: Consider proposed Finance Department Realignment.

E. Review and discuss proposed revisions to the Purchasing Policy.

Recommendation: Consider proposed changes to the Purchasing Policy.

F. Economic Development: Business Façade Improvement Program.

Recommendation: Review and discuss proposed Economic Development Program.

5. 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

Craig Koehler, Finance Director

3/8/23

Date

City of Los Alamitos

BUDGET STANDING COMMITTEE

AGENDA REPORT

MEETING DATE: March 9, 2023 ITEM NUMBER: 4A

To: Budget Standing Committee Members

Presented By: Craig Koehler, Finance Director

**Subject: Mid-Year General Fund Budget Review and Financial Update
for Fiscal Year 2022-23**

SUMMARY

This report provides the Budget Standing Committee and Council with a review of Mid-Year General Fund budget for the Fiscal Year 2022-23 and a projection for the fiscal year ending June 30, 2023.

RECOMMENDATION

1. Review the Mid-year General Fund budget for the Fiscal Year 2022-23, and projection for the Fiscal Year ending June 30, 2023.
2. Provide direction and comments.

BACKGROUND

On June 13, 2022, the City Council approved and adopted a balanced budget for Fiscal Year 2022-23, which included operating revenues of \$20,132,782 and operating expenditures of \$19,411,825, excluding transfers.

DISCUSSION

The economy has reflected positive signs of recovery. However, inflation remains elevated, reflecting continued imbalances within supply and demand related to the pandemic. Global unrest continues with the conflict in Ukraine and the resulting hardships have unknown implications on the U.S. economy.

The U.S. Treasury has made several recent moves to counter the growth of inflation, representing the most aggressive rate hike campaign by the Federal government since 2005. The projected slowdown has not materialized as the City had anticipated.

The latest report provided by the City's Sales Tax consultant (HdL), reflects actual data for 3Q 2022 with 13.3% growth compared to the County at 8.4% and the State at 8.0%, and revised estimates reflecting continued growth through of 3.8% through the end of FY2022-23. Sales tax estimates for FY2023-24 reflect somewhat of a flattening that would be indicative of an economic slowdown, or "soft landing" as the U.S. Treasury has been structuring with its planned rate adjustments.

This mid-year report represents a snapshot in time and reflects recorded information through December 31, 2022, or six months of the fiscal year, and projection of Fiscal Year 2022-23. It will provide the Budget Standing Committee and City Council with an update on the financial status of the City's General Fund at mid-year, and projection of Fiscal Year 2022-23.

General Fund Revenues

The financial summary below depicts the Adopted Budget for Fiscal Year 2021-22, actual General Fund revenues through December 31, 2022, and a projection to June 30, 2023.

	2022-23 Adopted Budget	Actual thru 12/31/22	2022-23 Projection	Variance
Revenue Summary				
Property Taxes	4,899,967	1,214,906	4,939,763	39,796
Sales Tax	3,403,270	1,619,427	3,935,420	532,150
Sales Tax - Local (Measure Y)	5,371,740	2,488,870	6,354,000	982,260
Transit Occupancy Tax (TOT)	325,340	338,993	488,000	162,660
Business Licenses	819,000	446,711	892,400	73,400
Utility Users Tax	2,052,487	997,883	1,904,207	(148,280)
Franchise Fees	671,300	333,514	621,600	(49,700)
Licenses & Permits	958,200	509,800	1,083,880	125,680
Fines & Forfeitures	669,000	261,038	405,400	(263,600)
Use of Money & Property	180,000	124,114	248,228	68,228
Other Agencies	12,200	-	5,000	(7,200)
Charges for Current Services	702,278	394,361	628,690	(73,588)
Misc.	68,000	9,265	10,000	(58,000)
Total Revenue	20,132,782	8,738,882	21,516,588	1,383,806

Property Taxes, Sales and Use Taxes, and Measure Y Local Sales Taxes, are the three largest revenue sources for Los Alamitos, and comprise approximately 71.0% of all revenue generated and collected by the City.

Property Taxes

Property taxes remain one of the largest revenue sources for the City and the majority are received in December and April, following the payment due dates. For secured property taxes, the first installment is due November 1 and delinquent after December 10, the second installment is due on February 1 and delinquent after April 10.

A report received from HdL at the end of 2022, indicated a preliminary net value change in property values up 5.88% over the 2021-22 tax roll, and indicates that property taxes are continuing an upward trend. The projection for Fiscal Year 2022-23 will come in at approximately \$40k higher, or 0.8% better than the Adopted Budget.

Residential properties make up 80.3% of all values in the City and grew by \$123.2 million (8.32%), which accounted for most of all property value growth. The 2023-24 CCPI applied to property values is expected to be the maximum allowed under Proposition 13. Commercial properties added \$16.9 million (11.1%) and industrial properties added \$20.7 million. Unsecured values decreased by \$6.5 million (3.4%). This was largely due to the decline caused by a loss of value of an assessment owned by Epson America, Inc.

Residential prices have continued to respond in response to lower inventory amidst higher interest rates. The median sale price of a detached single family residential home in Los Alamitos from January through August 2022 was \$1.25 million. This represents a \$60K (5.1%) decrease in median sale price over the prior year.

Sales & Use Taxes

A report from HdL, dated February 15, 2023, reported data for the quarter ending September 2022. Sales were up 13.3% for the 3rd quarter 2022 compared to the same time frame for 2021 and reflected increases for most of the major business groups. The projection and estimate for Sales & Use Taxes for Fiscal Year 2022-23 is \$3.9 million, marginally higher than Adopted Budget.

When taking a closer look at the individual business groups, business and industry, and County and State pools reflected the largest gains with 23.8% and 49.3%, respectively. Receipts from local light industrial/printer and heavy-industrial equipment suppliers surged as firms made additional investments to fortify supply chain vulnerabilities that were identified during the pandemic.

As the Federal Reserve continued with interest rate increases to control inflation, consumers continued purchasing levels on multiple fronts. Sustained price increases and interest rate hikes have consumers wondering where to spend their dollars. Historically

low statewide unemployment rates and recovery of the stock markets from declines earlier in the year allow for modest optimism heading into 2023.

Measure Y (Local Sales Tax)

With successful passage of Measure Y, Los Alamitos is now benefiting from an additional 1.5% sales tax. New to the City's revenue stream, this has now become the largest source of revenue at 29.6% of total revenues collected by the City and exceeds property tax which was traditionally the top revenue producer. Projections are greatly exceeding the budget, and the projection for Fiscal Year 2022-23 is \$6.4 million. FY2021-22 represents the first full fiscal year of collected data since the adoption of Measure Y local sales tax.

The primary reason for the large variance from the budget and the long-term model is that certain industry groups, like autos and transportation and general consumer goods, do not follow the true 150% ratio of transaction tax (Measure Y) to the Bradley-Burns (Sales & Use Tax), and are much higher ratios at 869.4% and 538.3%, driving the average across all industry groups. HdL has used a more conservative factor of 163.8% in their latest estimates.

Utility Users Tax

Utility Users Tax (UUT) is a usage tax imposed on utilities, including electricity, natural gas, telephone, and water. The rates for Los Alamitos are currently 6%, except for telecommunications, which is 5%. Revenues have been trending lower over the past couple of years, and receipts are lower through December 31 than historically recorded. UUT revenue receipts through December 31, 2022, are approximately 20% less than 2021 compared to the same period. The projections for FY2022-23 have been done applying a conservative approach with the possibility of lower receipts coming in lower than budget for the fiscal year.

Fines & Forfeitures

Fines & Forfeitures include red light camera and parking fines, and other moving violations, and are currently trending lower than the budget. This is primarily due to a decrease in red light camera fines because of construction work being done by Orange County Sanitation District as part of the sewer line upgrades on Katella Avenue. Staff is assessing the impact of this to determine the financial effect it will have on FY2022-23 revenues.

Overall, General Fund revenues for FY2022-23 are projected to exceed the Adopted Budget by \$1.4 million, or 6.9%.

General Fund Expenditures

The financial summary below reflects the Adopted Budget General Fund Expenditures for Fiscal Year 2022-23, actual expenditures through December 31, 2022, and a projection to June 30, 2023.

	2022-23 Adopted Budget	Actual thru 12/31/21	2022-23 Projection	Variance
Expenditure Summary				
City Council	66,895	35,711	67,941	1,046
Administration	1,053,023	498,986	1,034,461	(18,562)
Finance	835,327	392,879	758,830	(76,497)
City Attorney	196,000	60,138	196,000	-
Police	8,005,752	4,312,175	7,745,802	(259,950)
Development Services	4,436,904	1,928,835	4,807,737	370,833
Recreation	2,104,743	1,164,884	2,300,110	195,367
Non-Departmental	2,443,181	1,122,253	2,456,510	13,329
Total Expenditures	19,141,825	9,515,861	19,367,391	225,566

For the most part, department expenditures are trending with the Adopted Budget. The three largest variances are in Police, Development Services, and Recreation, as explained below.

City Council

Council department expenditures for the most part is tracking with the adopted budget. Due to a need for Council members to increase travel related expenditures, a budget adjustment is needed to cover the additional anticipated travel costs for FY2022-23. Staff is seeking direction on the additional amount to add in connection with the increased traveling expenditures. Staff is also seeking direction on reimbursing Council members for mileage for local trainings, and the related increase needed for FY2022-23 budget.

Finance

Finance currently has two vacancies with the Finance Manager and Senior Finance Assistant which are being recruited. In addition, a part-time Clerical Assistant is being requested for mid-year to provide clerical assistance and overall support to the department at an estimated cost of \$14K. The latest round of recruitment for the manager position, did not yield the desired level of qualified candidates. A salary level change is being proposed that would result in an 8% increase to assist the recruiting efforts. Finance is projected to show a potential savings for FY2022-23, as salaries are lower due to the vacancies which are being partially offset by higher contractual costs.

Police

The Police department budget is projected to have a potential savings reflecting vacancies in Patrol and Community Outreach divisions which were budgeted but currently have vacancies. In addition, Youth Programs (SRO) will reflect savings as the position was filled in December and will not reflect a full year of cost.

Total additional appropriations of \$76,538 are being requested and include additional costs for supplies for Administration (\$22,600), additional supplies and safety equipment for Patrol (\$27,659), higher contractual costs for Traffic (\$14,779), additional cost for the proposed VIPs Program (\$4,500), and additional supplies cost for the other divisions. For FY2022-23 the Police Department is projected to reflect overall savings.

Development Services

Projections for Development Services for the Fiscal Year 2022-23 are estimated to be approximately \$371K higher than budget. This is mainly attributable unexpected facility/building projects such as the Police Department's abatement project (\$23K), Community Center AC unit replacement (\$52K), etc. The increase also includes anticipated purchases of Police Department tables and desks, and additional builds, example lactating room, access control phase I, etc. The largest line-item increases are in Maintenance-Buildings, Street Maintenance Supplies, and Building Inspection Contract Services.

Recreation

Recreation expenses are projected to exceed budget by approximately \$195K, representing \$20K higher part-time salaries and benefits and due to increased program costs of \$175K for Community Services, Sports, Special Classes, and Special Events. A large part of the increased costs of \$75k is attributable to rental of the School District facilities. In addition, the Aquatics Program is scheduled to resume and will reflect part-time salaries and supply costs for the balance of the fiscal year.

Non-Departmental

Non-Departmental are expenses that are not aligned with other departments, and consist of contractual services, pre-employment expense, credit card fees, health insurance costs for retirees, and capital expenditures funded by the General Fund. With the high volume of recruitments, pre-employment expenses have exceeded the budget, and an additional \$10K is being requested to cover anticipated costs for the balance of the fiscal year.

Staffing Requests

Staffing changes are being requested due to department realignments within Recreation, Finance, and Police. For Recreation, an additional Recreation Manager is being requested to support various programs. For Finance, a change in salary level is being requested to assist in recruiting a higher caliber of talent for the Finance Manager. For Police, an additional officer is being requested for over hire.

The Mid-Year Fiscal Year 2022-23 General Fund revenues are projected to exceed the Adopted Budget, with an estimated surplus of \$2.1 million, before staffing increases and transfers. This is a result of higher than anticipated revenues in Measure Y Local Sales Tax, exceeding the budget surplus by \$1.2 million. The estimated surplus is before any additional CIP needs, additional UAL paydown considerations, and any additional reserves or set asides.

It is important to keep in mind that the projection for FY2022-23 is an estimate and many other factors outside the City's control, like inflation, and shifts in the economy may affect the outcome, and the final numbers will not be known until the close of the fiscal period.

FY2021-22 Audit Results

The audit and financial statements (ACFR) will be presented to Council at the March 20 meeting. The Net Position for FY2021-22 (difference between revenues and expenditures) was \$4.2 million. This exceeds the budgeted surplus of \$963K, with \$2.2 million higher in revenues received for sales tax and \$960K overall lower department expenditures. The City's General Fund balance on June 30, 2022, was \$16.8 million. This includes assigned set asides of \$4.2 million, \$3.6 million for PERS and \$500K for OPEB funding.

FISCAL IMPACT

If approved by the BSC and Council, the additional cost appropriations are summarized below:

Additional Appropriations

City Council	TBD
Finance	\$ 14,307
Police	76,536
Developmental Services	370,833
Recreation	195,367
Non-Departmental	10,000
	<u>\$ 667,043</u>

The requested additional appropriations are before any additional staffing costs.

Submitted By: Craig Koehler, Finance Director

Approved By: Chet Simmons

City of Los Alamitos

BUDGET STANDING COMMITTEE

AGENDA REPORT

MEETING DATE: **March 9, 2023** **ITEM NUMBER: 4E**

To: **Budget Standing Committee Members**

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

Subject: **Purchasing Policy Review**

SUMMARY

This report provides information in connection with the City's current purchasing policy as codified in Chapter 2.60 (Purchasing System) of the Los Alamitos Municipal Code, and consideration of modifications.

RECOMMENDATION

Review and discuss the City's purchasing system within the scope of the current policy and discuss possible modifications to improve the purchasing process.

BACKGROUND

The City's current purchasing policy is codified in Chapter 2.60 (Purchasing System) 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. The policy was last updated on November 15, 2021, Ordinance 2021-04 (Attachment 1).

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 expanded, and so has the need for modifying the purchasing policy to allow for more efficient operations.

Staff is recommending the following changes to the purchasing policy for consideration:

City Manager Approval Authority (Section 2.60.030)

Under the current policy, the City Manager's approval authority is limited to purchases, and contracts for supplies, equipment and services up to \$50,000. In many cases, contracts and services exceed this amount, and delays have occurred in engaging needed work in a timely manner. Staff is recommending the City Manager's approval

authority be increased to \$100,000. In addition, adding language in connection with the bids, awarding the bid to the lowest “responsible” bidder. In some cases, the lowest bidder may not have completed the required documentation in connection with the bid, and this additional language would allow the flexibility to use the next highest bidder and not delay the award process.

Bidding (Section 2.060.070)

The purchasing system’s bidding requirements may be dispensed with for emergency purchases of supplies and equipment up to a value of \$7,500. The proposed change would allow the City Manager approval of emergency purchases up to \$100,000 consistent with the proposed approval authority change in Section 2.60.030. The City Manager or his/her designee would still be required to notify the Mayor, or Mayor Pro Tem in their absence, of any such emergency purchase.

Purchase Orders required – Exception (City Credit Card) (Section 2.60.080)

The current limit for a single transaction is limited to \$1,500 for City credit cards. There have been many instances that this limit has delayed the purchase or transaction and the cardholder has been forced to break up the purchase into increments in order to complete the transaction. The proposed change would increase the single transaction to \$7,500, for applicable cardholders (City Manager, Directors).

City Manager purchasing authority – Informal award of non-public projects contracts (Section 2.60.130)

This proposed change is the same as Section 2.60.030 (Formal) and increases the City Manager’s approval authority up to \$100,000 for informal awards.

City Council review – Formal award of non-public projects contracts (Section 2.60.140)

This change would increase the current limit required for City Council review from \$50,000 to \$100,000.

Attached is a summary of the proposed changes by code section reference (Attachment 2).

The proposed modifications will better align with the operating needs to result in better workflow and more efficient operations for the City. Staff would like to review and discuss the aforementioned changes for consideration by the Budget Standing Committee.

Submitted By: Craig Koehler, Finance Director

Approved By: Chet Simmons

Attachment 1. Ordinance 2021-04

Attachment 2. Summary of Proposed Municipal Code Changes

City of Los Alamitos

CITY COUNCIL AGENDA REPORT

MEETING DATE: November 15, 2021

ITEM NUMBER: 11B

To: Mayor Marc A. Chirco & Members of the City Council

Presented By: Craig Koehler, Finance Director

Subject: Ordinance No. 2021-04 – Purchasing Ordinance Amendment

SUMMARY

At its regular meeting of October 18, 2021, the City Council introduced for first reading and waived further reading of Ordinance Number 2021-04. This document will amend Los Alamitos Municipal Code Chapter 2.60 (Purchasing System) to increase the monetary thresholds for formal, open market, and City department contract procedures for the purchase of supplies and equipment; increase the City Manager's contract authority for the acquisition of personal, professional, consulting or other services; and, make other revisions intended to streamline the procurement process and provide anticipated gains in efficiency.

RECOMMENDATION

Adopt Ordinance No. 2021-04, entitled "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, AMENDING CHAPTER 2.60 (PURCHASING SYSTEM) OF THE LOS ALAMITOS MUNICIPAL CODE".

BACKGROUND

The City's procurement regulations, policies and procedures are codified at Chapter 2.60 (Purchasing System) of the Los Alamitos Municipal Code (the "Purchasing Ordinance"). The Purchasing Ordinance was last amended in 2019. City Staff recommends the proposed amendments to the Purchasing Ordinance based on its experience working with the existing code and following a review of purchasing regulations in surrounding jurisdictions. The proposed Ordinance is intended to streamline the procurement process and provide anticipated gains in efficiency.

DISCUSSION

If approved by the City Council, proposed Ordinance No. 2021-04, would amend LAMC § 2.60 to read as follows:

Purchasing Procedure	Existing Threshold	Proposed Threshold
Formal (§ 2.60.030)	\$20,000	\$50,000
Open Market (§ 2.60.040)	\$5,000 – \$20,000	\$5,000 - \$50,000
City Manager Purchasing Authority (§ 260.130 B.)	\$20,000	\$50,000
City Council Review - Formal Award of Non - Public Project Service Contracts (§ 260.140 A.)	\$20,000	\$50,000

FISCAL IMPACT

There is no direct, explicit fiscal impact to modifying the purchasing Ordinance. However, it is anticipated that the proposed Ordinance will result in administrative cost savings due to the increased efficiency arising from the increase in threshold amounts, City Manager contract authority, and streamlining of procurement processes.

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

Attachment: 1. Ordinance No. 2021-04

ORDINANCE NO. 2021-04

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
LOS ALAMITOS, CALIFORNIA, AMENDING CHAPTER 2.60
(PURCHASING SYSTEM) OF THE LOS ALAMITOS
MUNICIPAL CODE**

WHEREAS, the City's procurement regulations, policies and procedures are codified at Chapter 2.60 (Purchasing System) of the Los Alamitos Municipal Code (the "Purchasing Ordinance"); and,

WHEREAS, the Purchasing Ordinance establishes three categories of procedures for the purchase of supplies and equipment based on dollar amounts. The "formal" procedure applies to purchases of supplies and equipment with an estimated value greater than \$20,000. The "open market" procedure applies to purchases of supplies and equipment with an estimated value between \$5,000 and \$20,000. Lastly, the purchasing officer may authorize a city department to directly purchase or contract for supplies and equipment with a not to exceed value of \$1,500; and,

WHEREAS, the City Manager is authorized to contract for personal, professional, and consulting services and to purchase equipment and supplies without prior approval of the City Council when the amount of the contract is less than \$20,000; and,

WHEREAS, the Purchasing Ordinance was last amended in 2019; and,

WHEREAS, an increase to the monetary purchasing thresholds and other revisions to the Purchasing Ordinance are desired to improve efficiency and enhance City procurement of necessary supplies, equipment and services.

**THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, DOES
ORDAIN AS FOLLOWS:**

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. Section 2.60.030 of the Los Alamitos Municipal Code is amended to read (new text underlined; deleted text in strikeout):

"2.60.030 Formal contract procedure.

Except as otherwise provided herein purchases and contracts for supplies and equipment of estimated value greater than fifty ~~twenty~~ thousand dollars (~~\$50,000.00~~ ~~\$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 or 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.

SECTION 3. Section 2.60.040 of the Los Alamitos Municipal Code is amended to read (new text underlined; deleted text in strikeout):

"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~~ fifty thousand dollars (~~\$20,000.00~~ \$50,000.00) 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..."

SECTION 4. Section 2.60.070 of the Los Alamitos Municipal Code is amended to read (new text underlined; deleted text in strikeout):

"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. In addition, the City Manager or his/her designee shall promptly notify the Mayor, or Mayor Pro Tem in their absence, of any such emergency purchase.

SECTION 5. Section 2.60.130 of the Los Alamitos Municipal Code is amended to read (new text underlined; deleted text in strikeout):

"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 fifty ~~twenty~~ thousand dollars (\$50,000.00 ~~\$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."

SECTION 6. Section 2.60.140 of the Los Alamitos Municipal Code is amended to read (new text underlined; deleted text in strikeout):

"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~~ fifty thousand dollars (\$50,000.00 ~~\$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"

[No changes to Subsections B. and C. of Section 2.60.140]

SECTION 7. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance for any reason is held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 8. The City Clerk shall certify as to the adoption of this Ordinance and shall cause a summary thereof to be published within fifteen (15) days of the adoption and shall post a Certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, AND ADOPTED this 15th day of November 2021.

Marc A. Chirco, Mayor

ATTEST:

Windmera Quintanar, MMC, City Clerk

APPROVED AS TO FORM:

Michael S. Daudt, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LOS ALAMITOS)

I, Windmera Quintanar, MMC, City Clerk of the City of Los Alamitos, do hereby certify that the foregoing Ordinance No. 2021-04 was duly introduced and placed upon its first reading at a regular meeting of the City Council on the 18th day of October, 2021 and that thereafter, said Ordinance was duly adopted and passed at a regular meeting of the City Council on the 15th day of November, 2021, by the following roll-call vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

Windmera Quintanar, MMC, City Clerk

Municipal Code Sections		Adopted	Proposed
2.60.030	Formal Contract Procedure	Limit More than \$50,000	More than \$100,000
2.60.040	Open Market Procedure		
2.60.070	Bidding	Limit \$5,000 and \$50,000 (City Manager)	\$7,500 and \$100,000 (City Manager)
2.60.080	Purchase Orders required - Exception	Limit Emergency Purchases of Supplies and Equipment less than \$7,500	Clerical to be consistent with 2.60.040
2.60.130	City Manager purchasing authority - Informal award of non-public projects contracts	Limit \$1,500 single transaction limit (cardholders)	Purchases of supplies and equipment less than \$7,500 (managers/supervisors) \$7,500 single transaction limit (to applicable cardholders)
2.60.140	City Council review - Formal award of non-public projects contracts	Limit Less than \$50,000	Less than \$100,000
	A.	Limit More than \$50,000	More than \$100,000