



## Finance Committee Agenda

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Tuesday, January 30, 2024, 8:30 AM  
EXECUTIVE CONFERENCE ROOM - 3RD FLOOR  
1 Civic Center Circle  
Brea, CA 92821

**MEMBERS:** Council Member Marty Simonoff and Council Member Steve Vargas

**ALTERNATES:** Council Member Cecilia Hupp and Mayor Christine Marick

This agenda contains a brief general description of each item the Committee will consider. The Administrative Services Department has on file copies of written documentation relating to each item of business on this Agenda available for public inspection. Contact the Administrative Services Department Office at (714) 990-7676 or view the Agenda and related materials on the City's website at <https://www.ci.brea.ca.us/509/Meeting-Agendas-Minutes>. Materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet are available for public inspection in the Administrative Services Department's Office at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post the documents before the meeting.

### **Procedures for Addressing the Committee**

Members of the public may offer comment by phone or email or may observe the meeting by attending in person. All requests to offer comment must be submitted via phone by calling (714) 990-7676 or by emailing [arlenem@cityofbrea.net](mailto:arlenem@cityofbrea.net) by 12:00 p.m. on the Monday prior to the meeting.

### **Special Accommodations**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administrative Services Office at (714) 990-7676. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

***PLEASE SILENCE ALL PAGERS, CELL PHONES AND OTHER ELECTRONIC EQUIPMENT WHILE THE COMMITTEE IS IN SESSION.***

### **1: CALL TO ORDER/ROLL CALL**

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- 1A. Attendees
- 1B. Matters from the Audience

### **2: CONSENT**

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- 2A. Approval of Minutes 1-09-2024

### **3: DISCUSSION**

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- 3A. City of Brea Annual Comprehensive Financial Report and Related Audit Reports for the Fiscal Year Ended June 30, 2023
- 3B. Accept a \$196,762 Office of Community Oriented Policing Services Law Enforcement Mental Health and Wellness Act (LEMHWA) Implementation Projects Grant Award for Enhancement of the Police Department's Wellness Program

3C. Acceptance of Country Hills Subdivision Pavement and Water Improvements, Phase 2, Project No. 7322

3D. Professional Services Agreement with De Novo Planning Group for the Focused General Plan Update, Brea Core Specific Plan, Transportation Improvement Impact Fee Nexus Study and Associated Environmental Review

*Date Posted: January 26, 2024*



## City of Brea

### Finance Committee Communication

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#### Approval of Minutes 1-09-2024

Meeting	Agenda Group
Tuesday, January 30, 2024, 8:30 AM	CONSENT Item: 2A
TO	FROM
Finance Committee Members	Bill Gallardo, City Manager

Approval of minutes for the Finance Committee meeting held on January 09, 2024.

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#### **Attachments**

Finance Committee-1-09-2024-minutesDraft.pdf

**\*\* The following document is a draft of the minutes and the not the official approved minutes \*\***

**Minutes for the Finance Committee**

1 Civic Center Circle, Brea, CA 92821

January 9, 2024, 8:30 AM - January 9, 2024, 8:33 AM

**Roll Call:** *(The following members were in attendance)*

- **Marty Simonoff**, Council Member
- **Steve Vargas**, Council Member

**1. CALL TO ORDER/ROLL CALL**

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**1A. Attendees-** 8:30 AM

Chris Emetrio, Kristin Griffith, Chief Adam Hawley, Alicia Brenner, Faith Madrazo, Sean Matlock, Joses Walehwa, Jenn Colacion, and Victoria Popescu.

**1B. Matters from the Audience-** 8:30 AM

None.

**2. CONSENT**

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**2A. Approval of Minutes 12-12-2023-** 8:30 AM

Approved.

**3. DISCUSSION**

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**3A. Approve the City's Fiscal Year 2024-25 Grant Application to the County of Orange for the Community Development Block Grant Program (CDBG)-** 8:30 AM

Recommended for City Council approval.

**3B. Accept a \$77,000 Office of Traffic Safety Selective Traffic Enforcement Program Grant Award for Traffic Safety Operations-** 8:30 AM

Recommended for City Council approval.

**3C. Professional Services Agreements for As-Needed Citywide Document Scanning Services-** 8:30 AM

Council Member Simonoff requested that the project cost of \$419,124 that will be spread between the two vendors be further clarified in the Staff Report. Recommended for City Council approval.

Meeting adjourned: 8:33 A.M.





## City of Brea

### Finance Committee Communication

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#### City of Brea Annual Comprehensive Financial Report and Related Audit Reports for the Fiscal Year Ended June 30, 2023

Meeting	Agenda Group
Tuesday, January 30, 2024, 8:30 AM	DISCUSSION Item: 3A
TO	FROM
Finance Committee Members	Bill Gallardo, City Manager

#### **RECOMMENDATION**

Receive and file the City's Annual Comprehensive Financial Report (ACFR) and related Audit Reports for the Fiscal Year Ended June 30, 2023.

#### **BACKGROUND/DISCUSSION**

Each year, the City of Brea issues an Annual Comprehensive Financial Report (ACFR) (attached), which was previously referred to as the Comprehensive Annual Financial Report (CAFR). The ACFR summarizes the financial transactions of a local government for the year in accordance with the financial presentation requirements prescribed by governmental accounting standards.

The City's independent auditor, Eide Bailly LLP (Eide Bailly), has completed its audit of the City's ACFR for Fiscal Year ended June 30, 2023. Eide Bailly has issued an unmodified or "clean" opinion on the City's ACFR in accordance with Generally Accepted Accounting Principles (GAAP) and fairly presents both the financial position and the results of operations for the year ended June 30, 2023.

#### **Financial Highlights**

The City's net position increased overall by \$8.7 million, from \$351.7 million to \$360.4 million as of June 30, 2023. The governmental activities portion of the increase (\$6 million) is primarily related to receipt of the final \$5.2 million tranche from the American Rescue Plan Act (ARPA) funding.

The City's capital assets realized an increase of \$5.2 million primarily due to construction in progress for projects such as the Country Hills Pavement and Water Improvements, along with other water projects that are currently in various phases of construction throughout the City. The City's long-term liabilities include \$157.6 million in net pension and other post-employment benefit liabilities and \$24.8 million of outstanding bonds and leases.

As of June 30, 2023, the General Fund's ending fund balance included a reserve of \$9.4 million deposited in the City's Pension Rate Stabilization Program with Public Agency Retirement Services (PARS). There were adjustments to the financial statements that included the restatement of governmental activities for Subscription-Based Information Technology Arrangements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 96.

## **Related Audit Reports**

### **Audit Communication Letter (Statement on Auditing Standards (SAS) 114 Report)**

The Statement on Auditing Standards (SAS) 114 was issued by the American Institute of Certified Public Accountants (AICPA) to establish a two-way communication between the independent auditors and those charged with governance (i.e. City Council). SAS 114 requires that the City's auditor communicate, either orally or in writing, certain information to an audit committee or another designated party that performs oversight on the financial reporting and auditing process.

The City's Finance Committee has been identified by the City Council to receive and review the report on the annual audit from the City's independent auditor and to review and make recommendations to the City Council to receive and file the report. The Audit Communication Letter dated December 19, 2023 (attached), and issued as part of the annual audit, did not identify any significant difficulties or disagreements with management that arose during the course of the audit, nor were any uncorrected misstatements identified. This letter indicates a "clean report" with one correction made during the audit. There was one uncorrected adjustment of \$340,677 related to rent revenues not received within the 60-day accrual period. Management believed the revenues were collected sufficiently close to the period of availability to recognize the revenues in Fiscal Year 2023.

In addition, prior to the start of the audit, the auditors met with members of the City's Finance Committee to discuss the planning of the audit.

### **Article XIII-B Limit on Appropriations Calculation Report (Appropriations Limit Report)**

This report (attached) communicates the results of the audit firm's testing of the City's computation of the statutory appropriation limitation. No exceptions were noted in this report and the City is well within the constraints of the statutory limit provided by state law.

### **Single Audit Report**

The City was required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's 2 CFR Part 200 Uniform Guidance, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. The City continually seeks federal assistance whenever possible and for Fiscal Year ended June 30, 2023 received more than \$750,000 in grant revenues and was required to issue the Single Audit Report for FY 2022-23. For FY 2022-23, the City received \$5 million in federal awards. Information related to this single audit, including a schedule of expenditures of federal awards assistance and the independent auditors' reports on the internal controls and compliance with applicable laws and regulations, is available in the City of Brea's separately issued Single Audit Report (attached).

## **SUMMARY/FISCAL IMPACT**

The City's annual audit for the Fiscal Year ended June 30, 2023 (FY 2022-23) has been completed and the City's independent auditor has issued an unmodified opinion on the City's ACFR, which is the highest level of assurance an entity can receive from its independent auditors (a "clean audit"). There were no findings or questioned costs as a result of their audit for FY 2022-23. The total cost of audit services for FY 2022-23 was \$81,470 and was appropriated during the budget process.

**RESPECTFULLY SUBMITTED**

William Gallardo, City Manager

Prepared by: Monica Lo, Deputy Director of Administrative Services

Concurrence: Kristin Griffith, Director of Administrative Services

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**Attachments**

2023 ACFR.pdf

2023 Final Governance Letter.pdf

2023 Final Single Audit Report.pdf

2023 Final GANN Report.pdf

FISCAL YEAR ENDING  
**JUNE 30, 2023**

# Annual Comprehensive Financial Report



# City Council



**Marty Simonoff**  
*Mayor*



**Christine Marick**  
*Mayor Pro Tem*



**Cecilia Hupp**  
*Council Member*



**Blair Stewart**  
*Council Member*



**Steve Vargas**  
*Council Member*

## Elected Official

*Treasurer*      Denise Eby

## Administrative Personnel

<i>City Manager</i>	Bill Gallardo
<i>Assistant City Manager/ Community Services Director</i>	Chris Emeterio
<i>Administrative Services Director</i>	Kristin Griffith
<i>Chief of Police</i>	Adam Hawley
<i>Community Development Director</i>	Jason Killebrew
<i>City Clerk</i>	Lillian Harris-Neal
<i>Fire Chief</i>	George Avery
<i>Public Works Director</i>	Michael Ho
<i>City Attorney</i>	Terence Boga

**CITY OF BREA, CALIFORNIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Prepared by:

Administrative Services Department

Kristin Griffith

Director of Administrative Services

Monica Lo

Deputy Director of Administrative Services

Ana Conrique

Senior Accountant

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## Introductory Section

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December 19, 2023

Honorable Mayor, Members of the City Council, and Citizens of the City of Brea:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Brea, a California City, for the Fiscal Year ended June 30, 2023. This report has been prepared in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Brea. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Brea has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that financial statements will be free from material misstatement.

As management, we assert that, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Brea. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Eide Bailly, LLP, a firm of licensed certified public accountants, has audited the City of Brea's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Brea for the Fiscal Year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Brea's financial statements for the Fiscal Year ended June 30, 2023, are fairly presented in all material respects in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The City of Brea is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's 2 CFR Part 200 Uniform Guidance, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. The City continually seeks federal assistance whenever possible and for Fiscal Year ending June 30, 2023 received more than \$750,000 in grant revenues and is required to issue the Single Audit Report for FY 2022-23. For FY2022-23, the City received \$5 million in federal awards. Information related to this single audit, including a schedule of expenditures of federal awards assistance and the independent auditors' reports on the internal controls and compliance



with applicable laws and regulations is available in the City of Brea's separately issued Single Audit Report.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Brea's MD&A can be found immediately following the report of the independent auditors.

## **CITY OF BREA PROFILE**

The City of Brea, a diverse residential and business community is located at the most northern tip of Orange County at the juncture of three counties with access to major airports, popular regional attractions, beaches, deserts and mountains. Nestled among the hillsides, just 25 miles southeast of Los Angeles, Brea is home to more than 48,184 residents and hosts a daytime working population of more than 125,000.

The City is a major retail center featuring one of the county's largest shopping centers, the Brea Mall; the Brea Union Plaza; and a host of other retail and service businesses. Brea is also a center for big businesses such as ViewSonic Corporation, NCH Management Systems Inc., EVGA Corporation, Beckman-Coulter, American Financial Network, Inc., California Roadside Service and Kirkhill Aircraft Part Co, Flexfit LLC. Several companies' corporate headquarters are located within Brea, including Beckman-Coulter, Tesla Inc., Suzuki Motor of America and Mercury Insurance.

Although Brea is a major retail and business hub, it maintains a balance with nature, preserving its hillside and canyon areas, which also contribute to Brea's quality of life. Brea is home to one of the nation's largest outdoor sculpture collections, with currently 190 pieces of sculpture created to date, an art gallery and a performing arts theatre. Brea has long been recognized for its vision and innovation. It possesses a focused economic development strategy, designed to ensure a well-balanced, economically viable community which includes a wide range of housing, beautiful parks and excellent schools.

Brea provides an excellent portfolio of responsive municipal services. The City operates as a "full service city," providing a full range of services including police and fire protection, water and sanitation services, construction and maintenance of streets and infrastructure, as well as recreational and cultural services. Besides serving its own residential and business customers, Brea has a tradition of entrepreneurial ventures providing services to numerous other public agencies such as information technology and printing services.

The City of Brea operates under the Council-Manager form of government, and is governed by a five-member City Council elected at large, serving staggered four-year terms. Council elections are held in November of even-numbered years in conjunction with statewide general elections.

The budget serves as the foundation for the City of Brea's financial planning and control. The budget is adopted on a biennial basis by the City Council in June of each odd year. The budget team, with the approval of the City Manager, develops budget guidelines in January. The various City departments then submit revenue estimates and expenditure appropriation requests for the period that begins July 1 of each odd year. Budget meetings are held with each department, which leads to the development of the proposed budget. The City Manager then presents the proposed budget document to the City Council, which is discussed with the City Council in public workshops in mid-



May. Formal public hearings are held in early June with final approval by City Council on or before June 30 of each odd year. At the conclusion of the first year, the budget team prepares a report on the progress of the first half of the biennial budget cycle. The City Manager formally reviews the report with the City Council. The City Council adopts budget adjustments as needed. The level of budgetary control is established at the fund level for all funds.

## LOCAL ECONOMIC FACTORS

Brea encompasses about 8,300 acres or 13 square miles of land. The City's land use is distributed as follows:

### Land Use Distribution

<b><u>Land Use</u></b>	<b><u>Percent</u></b>
Residential (single-family, multi-family, and mobile homes)	45.3%
Commercial and Office	4.0%
Industrial	11.6%
Parks and Open Space	18.2%
Public Facilities (City facilities, schools, drainage channels, and fire stations)	2.6%
Mixed Use	3.7%
Cemetery	0.3%
Other (streets)	14.3%
<b>Total</b>	<b>100.0%</b>

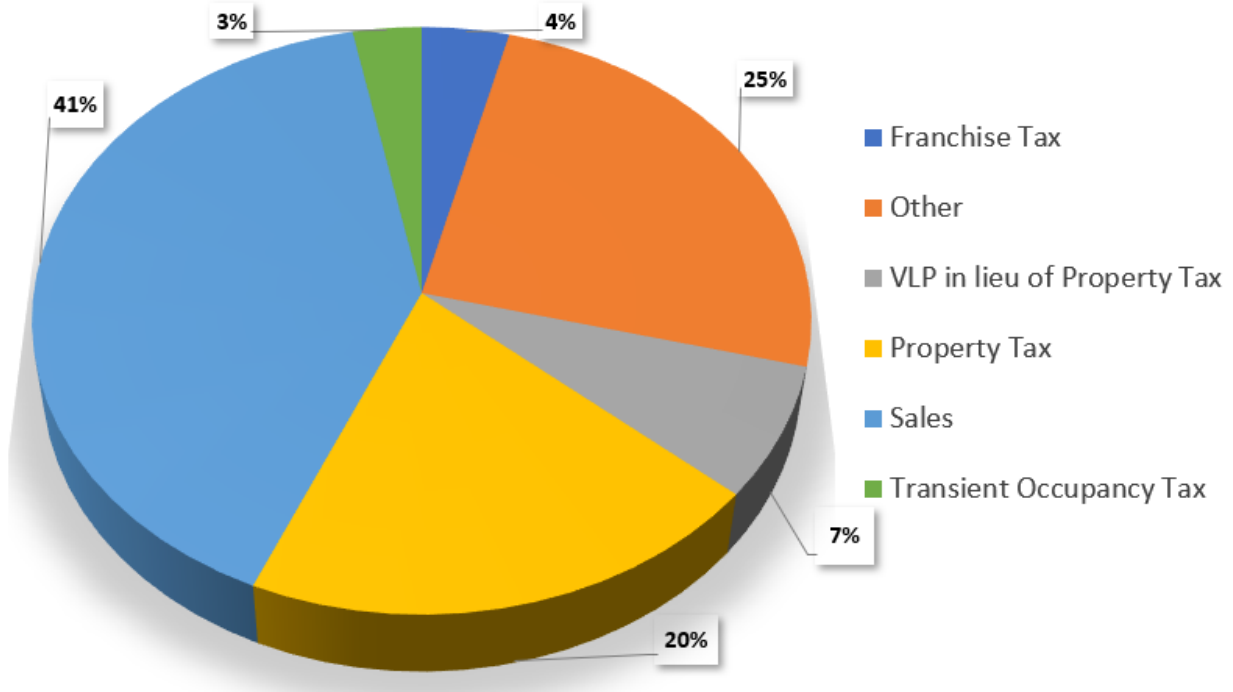
*Source: City of Brea General Plan (2003, and subsequent updates 2008, 2014, 2021)*

The current land use mix produces General Fund revenues of approximately \$80.6 million. Sales taxes, property taxes and vehicle license fees (VLF) in lieu of property taxes and franchise taxes account for the top four revenue sources. These revenue sources account for 69.7% of the total amount of General Fund revenues. The remaining revenues account for 30.3% of the total and are represented by a broad range of sources.





### General Fund Revenues by Revenue Source Fiscal Year Ended June 30, 2023

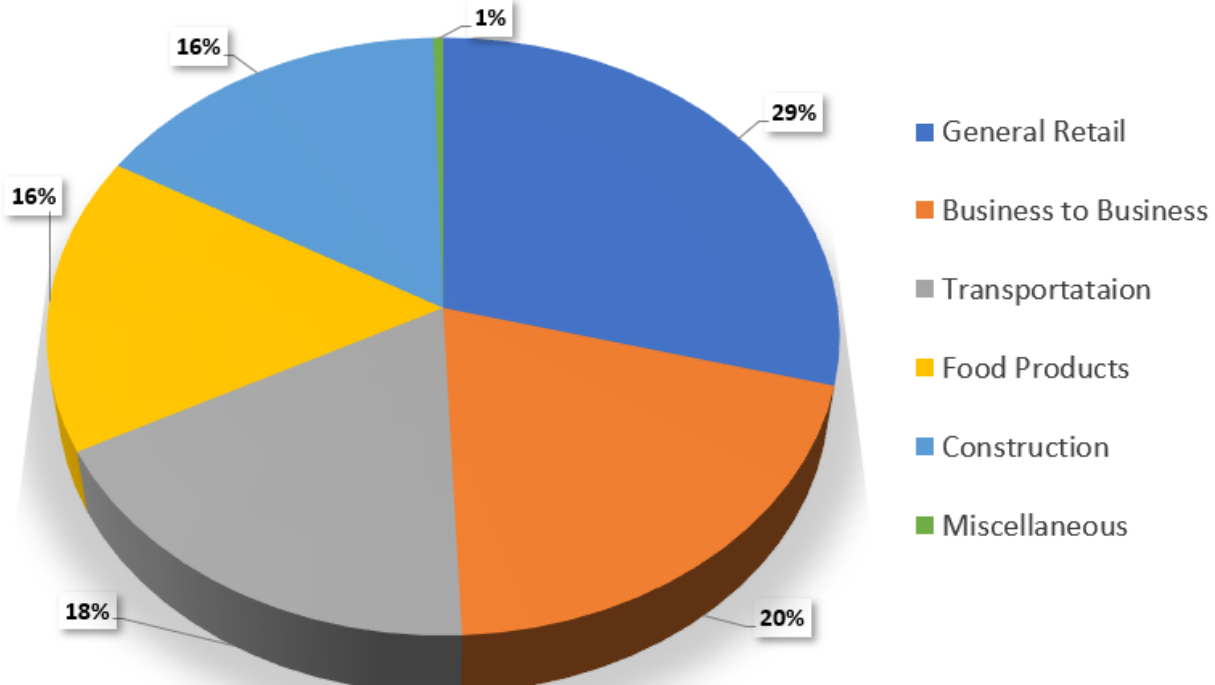


#### Sales Tax

Sales tax represents the single largest source of General Fund revenue at \$28.8 million. It is derived from six major economic categories as listed in the following chart. The retail category, including department stores, apparel stores and general merchandise, makes up 29% of the total sales tax generated. This sector includes the regional Brea Mall, which is one of the largest malls in Orange County. The second largest economic sector being business to business. Overall, Brea's sales tax on a per capita basis consistently outperforms other municipalities, a strong indicator that the City imports sales tax dollars from surrounding communities.



### Sales Tax by Economic Categories Fiscal Year Ended June 30, 2023



### Property Taxes

Brea is a very diverse community as previously indicated in the land use chart. General Fund property taxes represent \$14.4 million or 20.3% of General Fund revenues. Assessed valuation of all property (including the former Brea Redevelopment Agency) in Brea is \$12.5 billion, an increase of 5.7% over the prior fiscal year. The valuation is split between residential at 61%, commercial/industrial at 36%, and the remaining 3% for other miscellaneous uses. Of the City's 18,693 dwelling units, 62% are single-family units, 33% are multi-family units and 5% are mobile homes. Housing costs in Brea continue to rank among the highest in North Orange County. Brea, like other cities in Orange County, is experiencing an increase in housing prices. The median price of a single-family home remains at \$975,000 for the current fiscal year.

### Vehicle License Fees (VLF)

When a vehicle is registered in California, a license fee is charged by the State of California. This fee includes a small administrative fee and a property tax in-lieu fee. The in-lieu fee is based on depreciated value of the vehicle and declines over the useful life of the vehicle. The in-lieu fee, while collected by the State Department of Motor Vehicles, belongs to local government (cities and counties). It is allocated based on a per capita basis.

Beginning in January 2005, the Vehicle License Fee was permanently reduced to 0.65% from 2.0% of the vehicle's fair market value. Any loss to cities by this rate reduction at that time was made up, dollar for dollar, with an allocation from the County's Educational Revenue Augmentation Fund (ERAF) property tax account with two payments, due on or before January 31<sup>st</sup> and May 1<sup>st</sup> of each



year. This allocation will grow with any corresponding growth in the City's secured property tax valuation.

### Franchise Taxes

The franchise revenue received by the City is based on adopted City ordinances and contractual agreements. Public utilities (electric and gas) account for 39.8% of the \$2.8 million in annual franchise tax revenue. The remaining 60.2% of this revenue includes franchise fees for oil pipelines, cable television, and other non-city utilities.

#### **Franchise Taxes Fiscal Year Ended June 30, 2023**

	<b>Annual Revenue</b>	<b>Percent of Total</b>
Public Utilities	\$ 1,128,139	39.8%
All Others	1,705,010	60.2%
<b>Totals</b>	<b>\$ 2,833,149</b>	<b>100.0%</b>

### **ECONOMIC OUTLOOK & IMPACT OF COVID-19 PANDEMIC**

In December 2019, an outbreak of respiratory illness due to a novel coronavirus (a disease now known as COVID-19) was first identified in Wuhan City, Hubei Province, China, and spread outside of China, including the United States. The outbreak resulted in a number of governmental responses including being declared a worldwide pandemic by the World Health Organization and declared a national State of Emergency by the President of the United States.

On March 4, 2020, Gavin Newsom, the Governor of the State of California, proclaimed a State of Emergency in California due to the spread of COVID-19. In response, the City of Brea declared the existence of a local emergency within the City of Brea on March 16, 2020. COVID-19 restrictions were put in place by the State of California and the County of Orange which included mandated and voluntary shutdowns of businesses, travel, public gatherings and large group events, and orders for residents to stay at home.

While reflecting on the past three years and the adversity that came with the COVID-19 pandemic, the organization has been able to pivot and think strategically when navigating a rapidly changing economic environment while maintaining core service levels to the community. This has been especially difficult as the organization repositions itself as work capacity attributed to employee attrition ("Great Resignation") which continued through this post-pandemic environment. To allow flexibility and responsiveness within the organization, the City Manager's authority as it relates to the budget appropriation carryovers is recommended to be expanded to allow the ability to carryover available appropriation from one year to another year for a new expenditure so long as the total appropriation per expenditures does not exceed the City Manager's authority limit of \$50,000. This will provide the organization the ability to respond and adapt quicker.



Fortunately, through the guidance of the City Council, the organization has positioned itself with healthy General Fund reserves, well above the current policy level of 25%. The excess reserves above the 25% policy limit may help the organization maintain and expand current service levels as the organization regains momentum in the coming fiscal years. This will avoid making severe service reductions until the organization has an opportunity to better understand the changing economic environment. Staff will also continue to closely monitor actual versus projected revenues and opportunities for vacancy savings that will assist in providing more firm estimates as we navigate the next two fiscal years. Staff commits to providing budget updates to the City Council as the financial picture changes.

Overall it is important to note that Brea is paying all of its obligations on time; is setting aside funding for ongoing capital facility and equipment replacement; and is funding a robust Capital Improvement Program (CIP) to adequately maintain City infrastructure systems. The City Council also took the opportunity as part of this budget process to refine the organization's Fiscal Policies Statement to provide additional guidance regarding capital replacement reserve policies and the inclusion of the City's Reserve Fund Transparency Ordinance.

The organization will make every effort to continue to build prudent reserves and strategic savings programs to be able to insulate the City from a downturn in the economy and minimize organizational disruption. The City Council is also committed to pension modifications and plans to continue setting aside money in an irrevocable trust fund, administered through the Public Agency Retirement Services (PARS), that is specifically designed to help stabilize pension costs. This, combined with continued efforts to promote pension modifications at the legislation front, are steps in the right direction.

The entire organization continues to work hard to preserve core City services. Staff will continue to be diligent in monitoring long-term economic uncertainties that could impact Brea's budget picture. These include:

- ♦ The effects of the pandemic and the likelihood of a resurgence;
- ♦ Increases in the cost-of-living (inflation); and
- ♦ CalPERS projected rate increases

City staff uses a variety of tools, such as looking strategically at vacancies and consolidation of functions to structurally close the budget gap when needed. Staff continues to research new and innovative ways of doing business.

Presenting the City Council with the FY 2023-25 biennial budget is only one of the many projects that City staff has completed during FY 2022-23. Working within the City Council priorities and under their direction, City staff was able to complete a substantial list of accomplishments, which are found in department summary sections of the budget.

Locally, geographic and socio-economic conditions in Orange County and the City of Brea remain desirable. Property values in the region are moderating and the City's property tax base is expected to continue its favorable trend for the foreseeable future. Brea's taxable assessed valuation for Fiscal Year 2022-23 General Fund increased by 5.7% from the prior year.

Development within Brea continues to remain active and there are many projects in different phases throughout the City. On May 16, 2023, the City Council approved the Brea Mall Mixed Use Project that will redevelop a 15.5-acre portion of the current Brea Mall providing new retail, residential and



commercial opportunities for our community. Demolition of the former Sears building is in progress.

At June 30, 2023, the unemployment rate in Brea was 3.6%. However, as of October 2023 the unemployment rate has slightly increased to 3.7%, which is comparable to the Orange County unemployment rate of 3.7% according to the State Employment Development Department. The unemployment rate has dropped from a height of 14.9% in May 2020 due to the COVID-19 restrictions and economic shutdown which has heavily impacted the retail sector and the leisure and hospitality sector. The unemployment rate is expected to remain steady as the state has completed its full recovery from the large job loss during the COVID-19 pandemic.

## **LONG-TERM FINANCIAL PLANNING**

### Brea Forward Strategy Team

Representatives from all City departments meet to discuss strategic planning issues. Over 40 City staff members work collaboratively on an ongoing basis to focus on identifying and evaluating changing City needs. As needed, this group is also instrumental in tackling economic impacts on the City's Budget. Brea Forward meets as needed to address changes to the organization that may be necessary to financially sustain the City over the course of the next several fiscal years and beyond.

### Capital Improvement Program (CIP) Budget

The goal of the seven-year CIP is to enhance the quality of life in the community, ensure a safe environment and to promote transportation improvement in the City. The CIP budget for Fiscal Year 2022-23 reflects the City Council's commitment to this goal by enhancing existing infrastructure and providing new infrastructure to aid in service delivery to the community. The remaining six years of the CIP are not a commitment of actual funds, but rather a long-range planning tool for subsequent investments in the City's infrastructure. The CIP is divided into six categories: streets, traffic safety, water, storm drain, sewer, and facility improvements.

### Community Center Reserves

Funds are set aside annually for the future replacement of the Community Center facility and equipment. Ongoing review of facility and equipment needs allows the City to manage and plan for expenditures in a more proactive manner. The balance in Community Center Reserves at June 30, 2023 was \$1,046,641.

### Capital Asset Replacement Reserves

Funds are set aside annually for the replacement of City-owned infrastructure, facilities and capital assets. In addition to a fixed annual contribution, an assessment is made at the end of each fiscal year to determine whether an additional contribution can be made based upon a review of General Fund excess revenues over expenditures. The balance in Capital Asset Replacement Reserves at June 30, 2023 was \$4,001,836.

### Pension Rate Stabilization Program

On November 17, 2015, the City of Brea established a pension rate stabilization program with Public Agency Retirement Services (PARS) to reduce the future unfunded pension liability for



current and future retirement costs for both safety and non-safety employees. The City's initial contribution of \$6,000,000 from the General Fund was made during FY 2015-16. During FY 2018-19, the City's Enterprise Funds contributed an additional \$756,800 for a total contribution of \$6,756,800. The balance as of June 30, 2023 including interest earned to date was \$10,324,514.

## **MAJOR INITIATIVES**

### State Route 57/Lambert Road Interchange Improvements

Starting in August 2019, the City in conjunction with Caltrans began construction on a new eastbound to northbound loop on-ramp and modify the spacing between the existing SR-57 on and off ramps to improve traffic flow on Lambert Road. The project budget is \$100 million with more than 90% of the funding from grants; federal funding \$74 million and \$18 million from the Orange County Transportation Authority (OCTA). The remainder is funded by the City with Traffic Impact Fees. Caltrans is the lead agency for environmental and implementation while the City of Brea is the lead for the Right-of-Way and Design.

### Pension Reform and Other Post-Employment Benefits

Starting in Fiscal Year 2011-12, the City of Brea began the first year of pension reform for both safety and non-safety employees by requiring employees to contribute toward their retirement and instituting PEPRA, a second retirement tier for new employees. All employees pay 100% of the employee share of retirement; additionally, all public safety employees and some miscellaneous employees are cost sharing the City's share of retirement costs. The implementation of a multi-tiered retirement system is a long-term solution to mitigate the increases in pension costs; however, savings will not be fully realized for many years.

The City has negotiated to reduce its other post-employment benefit, which is the minimum Employer Contribution amount as prescribed by Government Code section 22892 of the Public Employees' Medical and Hospital Care Act (PEMHCA). This provides that the employer contribution would be adjusted annually to reflect any changes in the medical care component of the consumer price index.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Brea for its Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2022. This was the 33<sup>rd</sup> consecutive year that the City of Brea has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGMENTS**

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of Monica Lo, Deputy Director of Administrative Services, Ana



Conrique, Senior Accountant and the entire staff of the Administrative Services Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

We also would like to thank our independent auditing firm, Eide Bailly, LLP for their expertise and advice in the preparation of this year's financial report.

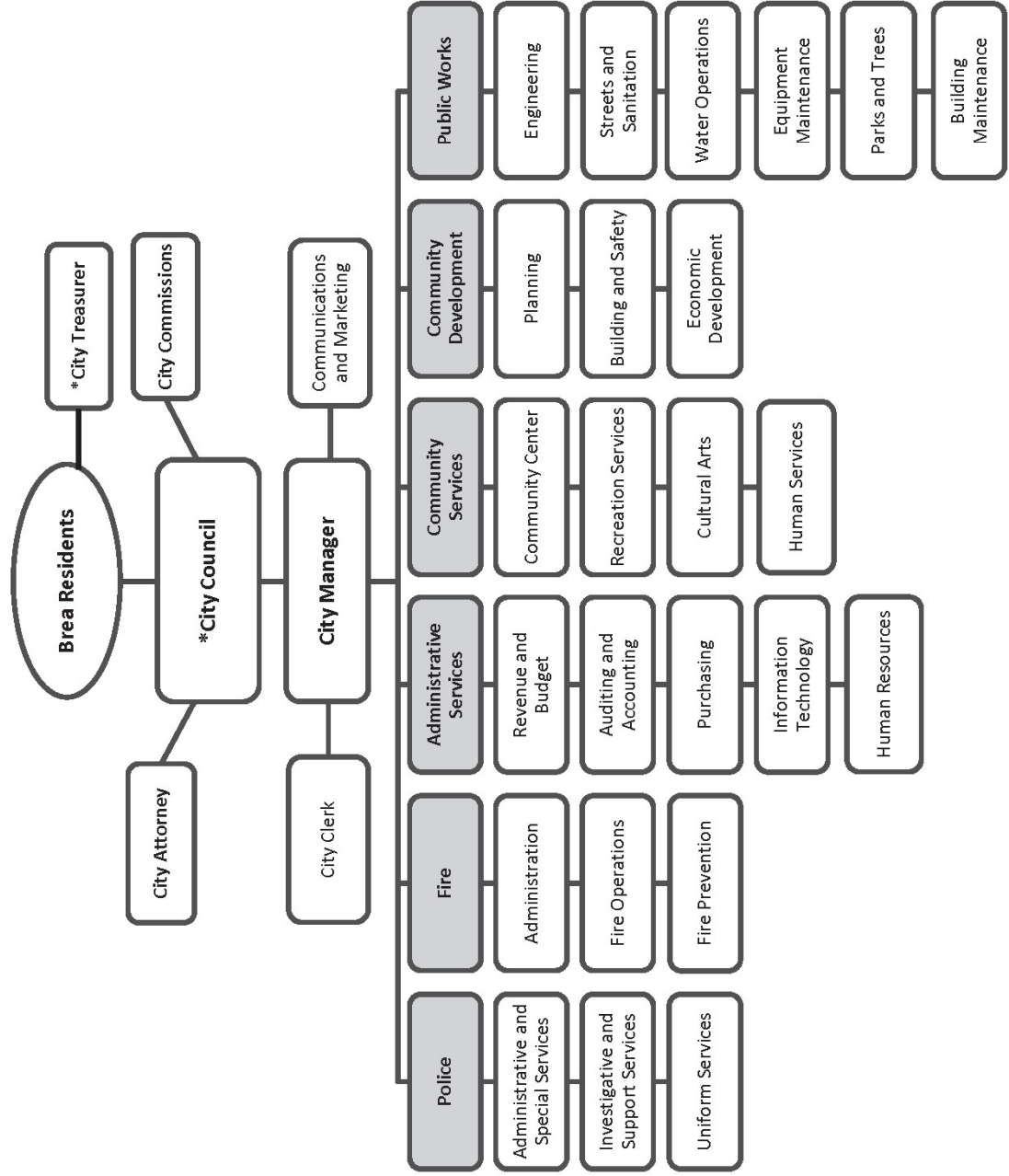
In closing, without the leadership and support of the City Council of the City of Brea, preparation of this report would not have been possible.

Sincerely,

William Gallardo  
City Manager

Kristin Griffith  
Director of Administrative Services

# CITY ORGANIZATION CHART



\*Elected





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Brea  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

## Financial Section

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## Independent Auditor's Report

To the Members of the City Council  
City of Brea, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brea, California (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

#### ***Adoption of New Accounting Standard***

As discussed in Note 1 and Note 18 to the financial statements, the City has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription based information technology arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability and related ratios, schedule of changes in proportionate share of the net pension liability for the safety plan, schedule of changes in the net OPEB liability and related ratios, schedule of contributions for the pension and OPEB liabilities, and budgetary comparison schedules for the General Fund and each major special revenue fund and related notes, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor funds financial statements and budgetary comparison schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor funds financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California  
December 19, 2023

## Management's Discussion and Analysis



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Brea's Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2023. This analysis should be read in conjunction with the Transmittal Letter at the front of this report and the accompanying Basic Financial Statements.

### FINANCIAL HIGHLIGHTS

**Long-Term Economic Resource (Government-wide) Focus** – Economic resources are differentiated from financial resources in that the economic measurement focus measures changes in net position as soon as the event occurs regardless of the timing of related cash flows. Therefore, this measurement focus includes both current spendable resources and fixed non-spendable assets, and long-term claims against these assets. The resulting net position utilizing this measurement focus provides one measure of the City's overall long-term financial condition.

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year resulting in a net position of \$360.4 million.
- The City's total net position increased overall by \$8.7 million, of which \$6.1 million is related to governmental activities, while \$2.6 million is related to business-type activities. The increase in net position is primarily related to pension expense and the receipt of the final tranche in American Rescue Plan Act (ARPA) funding, as discussed further in this document. Of the \$2.6 million increase in business-type activities, \$2.4 million is related to the Water Utility fund revenues exceeding expenditures, \$0.4 million is related to the Sewer Utility fund revenues exceeding expenditures and \$0.1 million relating to activities in Non-major Enterprise Funds.
- The City's non-current liabilities of \$230.7 million primarily includes \$157.6 million in net pension liabilities, \$24.8 million in other post-employment (OPEB) liabilities and \$48.3 million of outstanding bonded debt (which was used to finance the acquisition of capital assets and to fund capital improvements), leases, subscription-based information technology arrangements, compensated absences, and claims. Total capital assets, net of depreciation, represents \$349.4 million of the \$529.5 million in total assets. A significant portion of the capital assets have been funded through bond financing from the former Brea Redevelopment Agency.

**Short-Term Financial Resource (Fund) Focus** – The financial resources focus measures inflows of current spendable assets. The resulting net difference between current financial assets and current financial liabilities, otherwise known as fund balance (or net working capital in the private sector), is to measure the City's ability to finance activities in the near term.

- At the close of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$98.1 million, an increase of \$4.7 million, which is largely due to increase in tax revenues for fiscal year ended June 30, 2023. Of the total combined fund balance of \$98.1 million for governmental funds, \$55.9 million was restricted, \$11.6 million was assigned, \$1.4 million committed and \$29.2 million was unassigned.

- The General Fund reported an increase of \$4.6 million primarily due to the receipt of the final tranche of ARPA funds resulting in a total ending fund balance of \$53.1 million. Of the total ending fund balance, \$11.6 million was assigned, \$10.6 million was restricted, \$1.5 million was committed and \$29.4 million was unassigned. The unassigned balance is available for future appropriations.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The *Basic Financial Statements* are comprised of three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements* and 3) *Notes to the Financial Statements*. The Management's Discussion and Analysis is intended to be an introduction to the Basic Financial Statements. Required supplementary information is included in addition to the basic financial statements.

## BASIC FINANCIAL STATEMENTS

**Government-wide Financial Statements** – The Government-wide Financial Statements are intended to provide a “Big Picture” view of the City as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the City's assets (including non-spendable assets like streets and roads) and any deferred outflows, liabilities (including long-term liabilities that may be paid over twenty or more years) and any deferred inflows of resources. All of the current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Government-wide Financial Statements report the City's net position and how they have changed. Net position – the difference between the City's assets and deferred outflows of resources vs. its liabilities and deferred inflows of resources– is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, one should also consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The City's Government-wide Financial Statements are divided into two categories:

**Governmental Activities** – This statement depicts the extent to which programs are self-supporting and the net amount provided by property taxes and other general revenues. Most of the City's basic services are included in this category, such as public safety, community development, community services, public works, and general administration. Taxes and charges for services finance most of these activities.

**Business-type Activities** – The City's business enterprises include water utility, sewer utility, urban runoff, sanitation, information technology external support to public agencies and golf course activities. The City charges fees to customers to recover the cost of providing these services.

**Fund Financial Statements** – Funds are accounting devices that the City uses to track and control resources intended for specific purposes. The Fund Financial Statements provide more detailed information about the City's most significant funds (major funds) but not the City as a whole. Some funds are required by State and Federal law or by bond covenants. Other funds are utilized simply to control and manage resources intended for particular purposes.

The City utilizes three broad categories of funds:

**Governmental Funds** – Governmental Funds are used to account for essentially the same functions reported as Government Activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements utilize the financial resources measurement focus and thus concentrate on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Consequently, the Governmental Fund Financial Statements provide a detailed short-term view that helps a reader determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs.

**Proprietary Funds** – Services for which the City charges customers a fee are generally reported in Proprietary Funds (Enterprise Funds and Internal Service Funds). Like the Government-wide Financial Statements, these funds provide both long and short-term financial information utilizing the economic resources measurement focus. The City's Enterprise Funds (urban runoff, water, utility, sewer utility, sanitation, information technology external support to public agencies and golf course activities) are individual funds represented in the combined presentation of Business-type Activities in the Government-wide Financial Statements. The individual fund presentation provides more detailed information about each business segment, its operating statements, and statements of cash flow. The City also uses Internal Service Funds that are utilized to report and allocate the cost of certain centrally managed and operated activities (risk management, equipment replacement, and building occupancy). Because the Internal Service Funds primarily serve the government, they are reported with Governmental Activities rather than the Business-type Activities in the Government-wide Financial Statements.

**Fiduciary Funds** – The City utilizes Fiduciary Funds to account for assets held by the City in a trustee capacity, or as an agent for other governmental entities, private organizations, or individuals. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations.

**Notes to the Financial Statements** – The financial statements also include the Notes to the Financial Statements that provide important narrative details about the information contained in the financial statements. Information contained in the Notes to the Financial Statements is critical to a reader's full understanding of the Government-wide and Fund Financial Statements.

**Supplementary Information** – In addition to the required elements of the Basic Financial Statements, we have also included a Supplementary Information section, which includes budgetary and combining schedules that provide additional details about the City's non-major Governmental Funds, Enterprise Funds, Internal Service Funds, and Fiduciary Funds.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole. Our analysis focuses on the net position (Table 1) and changes in net position and changes in net position (Table 2) of the City's governmental activities. The government-wide statements also include the City's water and sewer activities as business-type activities.

**Net Position** – Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position for the year ended June 30, 2023 was \$360.4 million of which \$305 million was the net investment in capital assets such as construction in progress, equipment, buildings and infrastructure. Of the remaining total, \$47.5 million was restricted to specific law, contracts or other agreements such as affordable housing, public safety, capital projects and debt service. The remaining \$7.9 million was unrestricted and is available for designation for specific purpose as approved by City Council.

**Table 1**  
**Net Position**  
**June 30, 2023**  
**(in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 106,206	\$ 101,509	\$ 25,127	\$ 32,568	\$ 131,333	134,077
Capital assets	211,095	211,815	138,329	132,179	349,424	343,994
Noncurrent assets	31,285	30,863	17,463	15,832	48,748	46,695
Total assets	348,586	344,187	180,919	180,579	529,505	524,766
Deferred charge on refunding	-	-	1,003	1,486	1,003	1,486
Deferred pension/OPEB related items	99,539	94,774	3,233	1,275	102,772	96,049
Total Deferred Outflows of Resources	99,539	94,774	4,236	2,761	103,775	97,535
Noncurrent liabilities	177,046	125,653	53,721	50,926	230,767	176,579
Other liabilities	16,379	17,568	7,216	8,743	23,595	26,311
Total liabilities	193,425	143,221	60,937	59,669	254,362	202,890
Deferred pension/OPEB related items	17,688	64,833	870	2,885	18,558	67,718
Total Deferred Inflows of Resources	17,688	64,833	870	2,885	18,558	67,718
Net Investment in Capital Assets	208,081	209,038	96,874	89,469	304,955	298,507
Restricted	45,252	45,160	2,213	2,179	47,465	47,339
Unrestricted	(16,321)	(23,291)	24,261	29,138	7,940	5,847
Total net position	\$ 237,012	\$ 230,907	\$ 123,348	\$ 120,786	\$ 360,360	\$ 351,693

**Net Investment of Capital Assets** – The largest component of the \$529.5 million in total assets is the City's investment in capital assets (e.g., land, buildings, infrastructure, and equipment), representing \$349 million or 69% of total assets.

**Noncurrent Liabilities** –Of the \$230.7 million in long-term (non-current) liabilities, \$48.3 million represents outstanding bonded debt, leases, subscription-based information technology arrangements, compensated absences, and claims, \$157.6 million represents net pension liability, and \$24.8 million represents the City’s total OPEB liability. During the fiscal year ended June 30, 2023, the noncurrent liabilities increased \$54.2 million, of which \$60.3 million was related to the increase in net pension liability. The CalPERS board adopted a new strategic asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.9% for financial reporting purposes. These new assumptions will be reflected in the GASB 68 accounting valuation reports for June 30, 2022, measurement date. Please refer to Note 10 to the financial statements for additional information.

The following table indicates the changes in net position for governmental and business-type activities:

**Table 2**  
**Changes in Net Position**  
**Fiscal Year Ended June 30, 2023**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 6,686	\$ 7,596	\$ 32,624	\$ 34,905	\$ 39,310	\$ 42,501
Operating grants and contributions	10,788	5,446	11	128	10,799	5,574
Capital grants and contributions	1,815	2,650	-	-	1,815	2,650
General Revenues:						
Taxes:						
Property taxes	27,008	24,424	-	-	27,008	24,424
Sales taxes	28,812	24,098	-	-	28,812	24,098
Transient occupancy taxes	2,230	1,777	-	-	2,230	1,777
Franchise taxes	2,833	2,621	-	-	2,833	2,621
Business license taxes	1,146	1,090	-	-	1,146	1,090
Other taxes	329	651	-	-	329	651
Motor vehicle in lieu	110	110	-	-	110	110
Use of money and property	3,911	(3,486)	237	(941)	4,148	(4,427)
Other	3,625	4,555	-	83	3,625	4,638
Gain on sale of capital asset	274	26	69	45	343	71
<b>Total Revenues</b>	<b>89,567</b>	<b>71,558</b>	<b>32,941</b>	<b>34,220</b>	<b>122,508</b>	<b>105,778</b>
Expenses:						
General government	9,467	4,210	-	-	9,467	4,210
Public safety	45,981	2,480	-	-	45,981	2,480
Community development	2,889	707	-	-	2,889	707
Community services	10,309	5,188	-	-	10,309	5,188
Public works	16,514	9,072	-	-	16,514	9,072
Interest on long-term debt	27	283	-	-	27	283
Urban runoff	-	-	621	248	621	248
Water utility	-	-	16,848	16,082	16,848	16,082
Sewer utility	-	-	2,646	547	2,646	547
Sanitation	-	-	4,008	1,603	4,008	1,603
Information Technology External Support	-	-	953	(279)	953	(279)
Golf Course	-	-	3,579	3,925	3,579	3,925
<b>Total Expenses</b>	<b>85,187</b>	<b>21,940</b>	<b>28,655</b>	<b>22,126</b>	<b>113,842</b>	<b>44,066</b>
Change in net position before transfers	4,380	49,618	4,286	12,094	8,666	61,712
Transfers	1,725	(745)	(1,725)	745	-	-
Change in net position	6,105	48,873	2,561	12,839	8,666	61,712
Net position at beginning of year, as restated	230,907	182,034	120,787	107,948	351,694	289,982
Net position at end of year	<u>\$ 237,012</u>	<u>\$ 230,907</u>	<u>\$ 123,348</u>	<u>\$ 120,787</u>	<u>\$ 360,360</u>	<u>\$ 351,694</u>

The City's total revenues for the fiscal year ended June 30, 2023 were \$122.5 million. Of the City's total revenues, \$39.3 million (32.1%) were derived from fees charged for services, and \$62.5 million (51%) were received in taxes. Overall, revenues for the fiscal year ended June 30, 2023 increased by \$16.7 million, a 15.8% increase from the prior year.

- Charges for services decreased \$3.2 million mainly due to the consistency of in-person events being held in the current fiscal year as the prior fiscal year was higher compared to 2021 due to COVID-19.
- Operating grants and contributions increased \$5.2 million partly due to the final receipt in the amount of \$5.2 million of the City's share of the American Rescue Plan Act (ARPA) funds to assist in the economic recovery from COVID-19.
- Total taxes increased \$7.7 million mainly attributable to sales taxes, which increased \$4.7 million from the increase in consumer spending from the prior year from continuing recovery related to COVID-19.
- Use of money and property increased \$8.6 million mainly due to the increase in investment income as interest rates have increased due to market rate shifts.

The City's total expenses were \$113.8 million, comprising of \$16.5 million (14.5%) for public works, \$10.3 million (9%) for community services and \$28.6 million (25.1%) for business-type activities. Total expenses increased \$69.8 million from the prior year. Of the total increase, \$60.3 million was attributable to the change in net pension liabilities and related deferred outflows and inflows of resources thus significantly increasing the expenses in public safety, public works, water utility, sanitation, sewer utility, and general government. Please refer to Note 10 to the financial statements and the required supplementary information for additional information on the City's pension expense.

Brea is a full-service city providing residents, businesses and visitors with the following functional services:

General Government is comprised of two departments (City Council/City Manager and Administrative Services) providing general governance, executive management, legal services, communication and marketing, human resources, records management, information technology, accounting, budget, treasury, utility billing, purchasing and reprographics.

Public Safety is comprised of two departments (Police Services and Fire Services) providing general law enforcement, public safety dispatch, fire suppression, fire prevention, paramedic services and emergency preparedness.

Community Development is comprised of two divisions (Planning & Building Services and Economic Development Services) providing planning, zoning and building services, redevelopment services, economic development and housing services.

Community Services is overseen by one department and includes recreation, arts and human services, and the community center.

Public Works is overseen by one department and includes engineering and construction of public facilities, parks, streets and related infrastructure, traffic engineering as well as the maintenance of all public facilities, parks, streets and related infrastructure.

Business-type activities is comprised of two departments (Public Works and Administrative Services) providing five activities to residential and business customers (urban runoff, water utility, sewer utility, sanitation services, information technology external support to public agencies and golf course activities).

**Governmental Activities** – Table 3 presents the cost of each of the City’s five largest programs – general government, public safety, community development, community services and public works. Each programs’ *net* cost (total cost less revenues generated by the activities) is also presented below. The net cost shows the extent to which the City’s general taxes support each of the City’s programs.

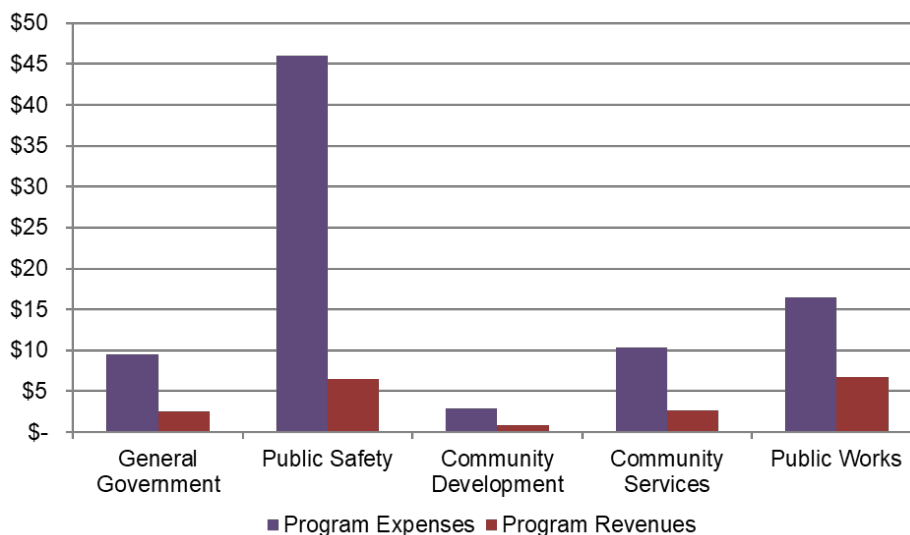
**Table 3**  
**Governmental Activities**  
**(in thousands)**

	Program Expenses		Net Cost (revenue) of Services	
	2023	2022	2023	2022
General government	\$ 9,467	\$ 4,210	\$ 6,960	\$ 1,043
Public safety	45,981	2,480	39,439	377
Community development	2,889	707	2,041	(330)
Community services	10,309	5,188	7,606	3,174
Public works	16,514	9,072	9,826	1,701
Totals	<u>\$ 85,160</u>	<u>\$ 21,657</u>	<u>\$ 65,872</u>	<u>\$ 5,965</u>

With the exception of the prior year for community development, the net cost of services indicates that the overall cost of government is more than the revenues generated to support it. See the Statement of Activities for further detail on program revenues and general revenues.

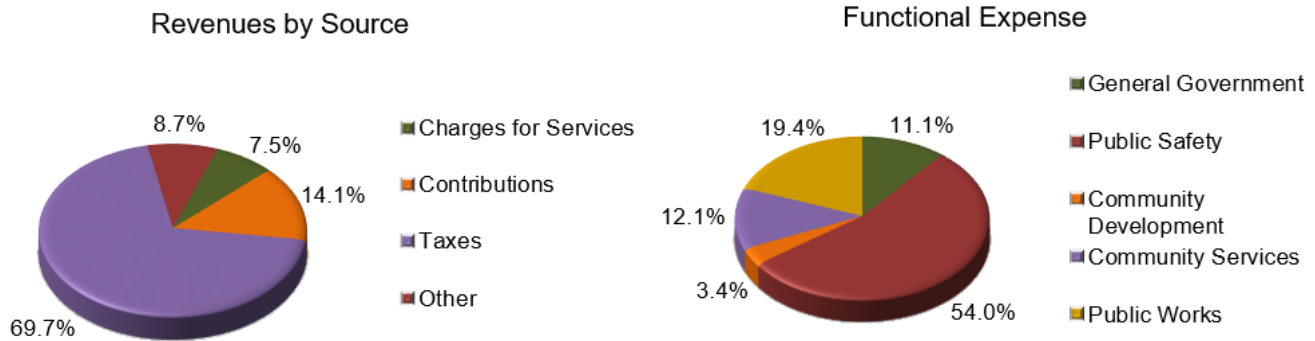
Overall program expenses have increased from prior year by \$63.5 million and an increase in net cost of services by \$59.9 million due to the significant increase in pension expense as previously discussed. Please refer to Note 10 to the financial statements and the required supplementary information for additional information on the City’s pension expense.

**Table 4**  
**Program Expenses and Revenues - Governmental Activities**  
**Fiscal Year Ended June 30, 2023**  
**(in millions)**





**Table 5**  
**Governmental Activities**  
**Fiscal Year Ended June 30, 2023**



Major Governmental Activities in the current fiscal year included the following:

#### *Revenues*

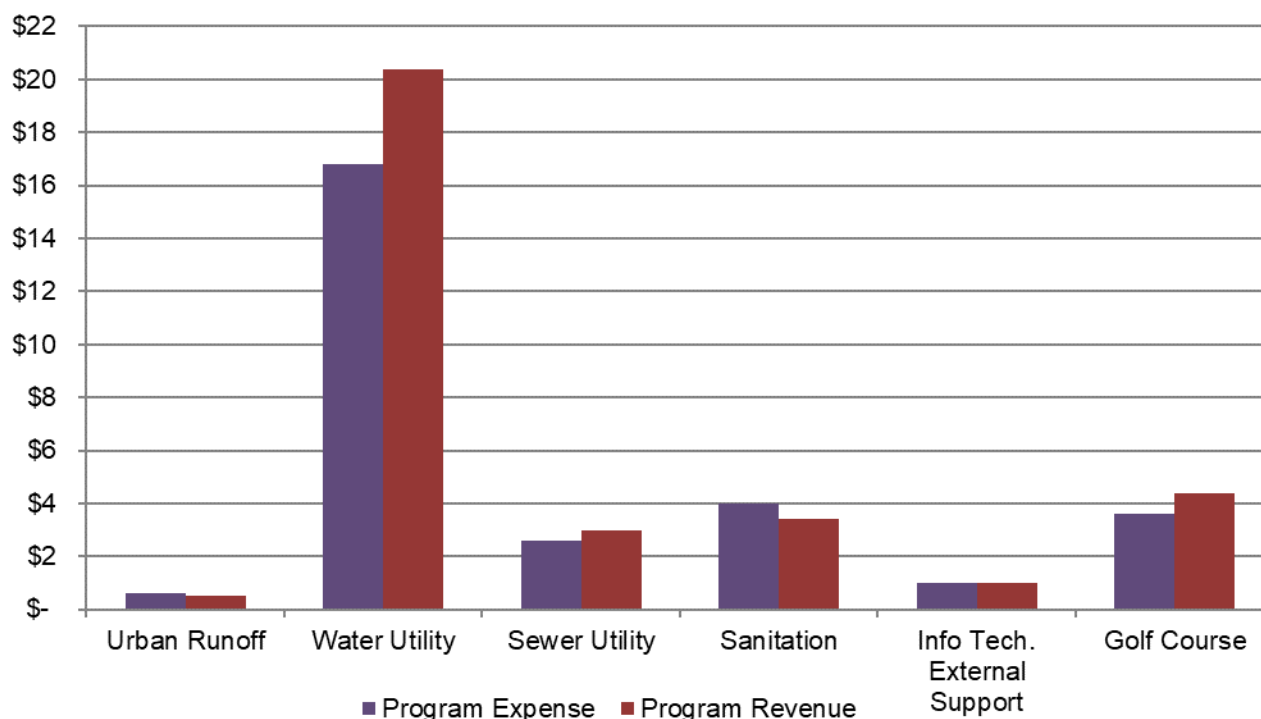
- The City's total governmental activities included program and general revenues of \$89.6 million. Charges for services was \$6.7 million (7.5%), both operating and capital grants and contributions were \$12.6 million (14.1%), taxes were \$62.5 million (69.7%) and other revenues were \$7.8 million (8.7%).
- Of the \$91.3 million in total governmental revenues and transfers, 21.1% represents program revenues (both charges for services and contributions), 68.3% represents taxes and 10.6% represents other.

#### *Expenses*

- In the current year, expenses for all Governmental Activities were \$85.2 million. Of the total \$85.2 million in total governmental expenses, 11.1% was spent on general government, 54.0% on public safety, which includes both police and fire, community development was 3.4%, community services was 12.1% and public works was 19.4%.

**Business-type Activities** – Business-type Activities increased the City's net position by \$2.6 million which was comprised primarily of the changes in the net position of the water utility fund, sewer utility, urban runoff, sanitation, information technology external support to public agencies and golf course activities. Business-type Activities are financed primarily by fees charged to external parties for goods and services.

**Table 6**  
**Program Expense & Revenue – Business-type Activities**  
**Fiscal Year Ended June 30, 2023**  
**(in millions)**



Business-type Activities in the current fiscal year included the following:

The Water Utility had an increase in net position of \$2.1 million. The increase in net position was primarily due to operating income of \$5.5 million, less \$1.5 million in nonoperating expenses. Of the \$14.9 million in water related expenses, 59.0% was for the purchase of water, 17.9% was for maintenance and other operating expenses, 17.7% was related to depreciation expense, and (5.3%) in personnel costs. Water rates were adjusted in January 2023, to fund on-going operations, recapture the bond coverage ratio and provide funding for planned capital improvements to the water utility system.

The Sewer Utility had an increase in net position of \$0.4 million. The increase in net position was primarily due to operating income of \$0.4 million which was mainly due to increased rates.

The Urban Runoff had a decrease in net position of \$109,428. Operating expenses, which included maintenance and operation costs of \$217,831 and personnel costs of \$391,996, totaled \$609,827, depreciation expense totaled \$438, while revenues totaled \$500,837.

The Sanitation Utility had a decrease in net position of \$354,827. The decrease in net position was due to operating expenses of \$3.9 million exceeding operating and nonoperating revenues of \$3.5 million.

The Information Technology External Support had a decrease in net position of \$71,216, primarily due to the offset of personnel costs from the increase for contract services.

The Golf Course had an increase in net position of \$845,674. The increase in net position was primarily due to operating income of \$787,329 over non-operating income and transfers of \$58,345.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

**Governmental Funds** – Utilizing the financial resources measurement focus, the City's Governmental Funds provide information on near-term inflows and outflows, and balances of spendable resources. This information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the City's governmental funds reported a total combined ending fund balance of \$98.1 million, an increase of \$4.8 million from the prior year. Approximately 56.9% of the City's governmental funds ending fund balances, or \$55.9 million was restricted fund balance and is legally restricted by external parties. The remaining \$42.2 million is *committed, assigned and unassigned fund balance*, which is available for spending at the government's discretion. Please refer to Note 13 to financial statements for additional details on fund balance classifications.

The General Fund ended the fiscal year with a fund balance of \$53.1, which is a net increase of \$4.6 million, which is mainly due to increases in tax revenue and receipt of the final tranche in ARPA funding. The General Fund's unassigned fund balance of \$29.3 million is available for future appropriations.

The Housing Successor Fund ended the fiscal year with a fund balance of \$20.1 million all of which is restricted for affordable housing activities.

The City's Capital Projects Fund ended the fiscal year with a fund balance of \$6.2 million, a decrease of \$350,323. The decrease was primarily due to expenditures in capital projects and improvements. The fund balance of \$6.2 million is restricted for funding of future capital projects.

**Proprietary Funds** – The City's Proprietary Funds (Enterprise and Internal Service Funds) presented in the Fund Financial Statements section basically provide the same type of information in the Government-wide Financial Statements, but include individual segment information.

The Water Utility Fund ended the fiscal year with a net position of \$90.1 million, an increase of \$2.1 million from the prior year. The increase in net position was primarily due to revenues over expenditures of \$2.1 million. Of the \$90.1 million in net position, \$67.2 million is net investment in capital assets, \$2.2 million is restricted for debt service and \$20.7 million is unrestricted. Amounts have been allocated or encumbered for capital projects currently under construction. Please refer to the Capital Asset Table 7 below for additional discussion.

The Sewer Utility Fund ended the fiscal year with \$23.2 million in net position, an increase of \$430,777. The increase in net position was primarily due the increase in charges for services. Of the \$23.2 million in net position \$19.5 million is net investment in capital assets and \$3.7 million is unrestricted. Amounts have been allocated or encumbered for capital projects currently under construction. Please refer to the Capital Asset Table 7 below for additional discussion.

## GENERAL FUND BUDGETARY HIGHLIGHTS

### Variances to Original Budget

Differences between the General Fund original budget revenues and the final amended budget were increased by \$7.6 million and are briefly summarized as follows:

- It was initially assumed the City would receive \$5.2 million in American Rescue Plan Act (ARPA) funding as part of the second tranche before June 30, 2022. The funds however were received after July 1, 2022, which resulted in an adjustment to the final budget. In addition, intergovernmental revenues were increased by \$0.1 million as a result of state revenue reimbursement from the California Highway Patrol (CHP) through the Cannabis Tax Fund Grant Program.
- Sales tax revenues were increased by \$3.4 million and Property tax revenues were decreased by \$1.0 million for a net change of \$2.4 million as actual property tax receipts were lower than projected.

Differences between the General Fund original budget expenditures and the final amended budget were decreased by \$91,711 and are briefly summarized as follows:

- The variance was primarily due to combination of personnel salary and benefit savings realized as well as \$1.5 million in carryover of prior year appropriations to continue various projects including, but not limited to, capital and equipment purchases for city management and community services and professional services in administrative services and community development.

### Variances with Final Budget

Differences between the General Fund final budget revenues and actual resources were \$0.1 million less than anticipated. The major variance was attributed to charges for services being lower than projected due to development related fees, including but not limited to, engineering plan check, planning entitlement, etc.

Differences between the General Fund final budget expenditures and actual expenditures were \$1.4 million less than anticipated. The positive variance is primarily attributed to personnel salary and benefit savings from public safety. The \$0.9 million variance in capital outlay is largely attributed to a carryover of prior year appropriations to fund capital outlay associated with providing public education governmental access equipment and community service equipment. These efforts were not completed in this fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for governmental and business-type activities as of June 30, 2023, amounts to \$349 million (net of accumulated depreciation and amortization). This investment in a broad range of capital assets includes land, structures and improvements, furniture, machinery and equipment, park facilities, roads, sidewalks, water system, storm drains, sound walls, and bridges. The total net increase (including additions and deletions) of \$5.2 represents a 1.5% increase from last year.

**Table 7**  
**Capital Assets (net of depreciation and amortization)**  
**Fiscal Year Ended June 30, 2023**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 62,093	\$ 62,093	\$ 11,629	\$ 11,629	\$ 73,722	\$ 73,722
Water rights	-	-	32,375	32,375	32,375	32,375
Structures and improvements	61,776	62,769	4,145	4,204	65,921	66,973
Equipment	7,358	5,792	283	221	7,641	6,013
Infrastructure	66,894	68,187	79,575	71,826	146,469	140,013
Construction-in-progress	12,590	12,947	10,322	11,924	22,912	24,871
Right-to-use assets	384	274	-	-	384	274
Totals	<u>\$ 211,095</u>	<u>\$ 212,062</u>	<u>\$ 138,329</u>	<u>\$ 132,179</u>	<u>\$ 349,424</u>	<u>\$ 344,241</u>

Construction-in-progress (CIP) decreased \$357,360 for Governmental Activities and \$1.6 million for Business-Type Activities, as noted above. The increase of \$1.4 million for governmental activities was due to the completion of various projects from CIP transferred to infrastructure assets and the remaining increase is related to various pavement, traffic and street improvement projects not yet completed. The \$5.7 million increase in Business-Type Activities is primarily due to water infrastructure improvement projects that are ongoing throughout the City.

Additional information on the City's capital assets can be found in Note 8 to financial statements.

### Long-Term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding for bonds and leases of \$41.5 million for all governmental and business-type activities.

**Table 8**  
**Bonds and Capital Leases**  
**Fiscal Year Ended June 30, 2023**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Lease revenue bonds	\$ 2,220	\$ 2,220	\$ -	\$ -	\$ 2,220	\$ 2,220
Water revenue bonds	-	-	39,205	40,675	39,205	40,675
Totals	<u>\$ 2,220</u>	<u>\$ 2,220</u>	<u>\$ 39,205</u>	<u>\$ 40,675</u>	<u>\$ 41,425</u>	<u>\$ 42,895</u>

Additional information on the City's long-term debt can be found in Note 9 to financial statements.

## **FACTORS EFFECTING NEXT YEAR'S BUDGET**

The Fiscal Year 2023-25 biennial General Fund budgeted revenues are \$67.7 million for fiscal year 2023-24 and \$69.1 million for fiscal year 2024-25. Budgeted expenditures are \$67.1 million for fiscal year 2023-24 and \$69.1 million for fiscal year 2024-25.

A brief summary of the factors considered when preparing the Fiscal Year 2023-25 budget are as follows:

- Sales tax represents the single largest source of General Fund revenue, budgeted at \$27.1 million for fiscal year 2023-24 and \$27.9 million for fiscal year 2024-25. Based on economic data trends and projections, the City's baseline sales tax is projected to increase by an average of 2.5% for fiscal year 2023-24 and 2024-25. Staff will be closely monitoring sales tax revenues as uncertainty remains related to inflationary pressures, consumer spending and the continuation of recovery efforts in a post pandemic environment.
- General Fund property taxes are projected to increase by an average of 2.7% and currently represent \$15.3 million of General Fund revenues for fiscal year 2023-24 and \$15.6 million for fiscal year 2024-25. Staff will monitor and make adjustment(s) as more information becomes available regarding development projects within the community and as construction begins to break ground.
- The budget expands service levels to the community and represents an average 2.7% increase in budgeted expenditures. Community Services expenditures assume all programs, services and events to be open and available to the community in a post pandemic environment.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City's Administrative Services Department, 1 Civic Center Circle, Brea, California 92821, at (714) 990-7676.

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## Basic Financial Statements



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City of Brea, California  
Statement of Net Position  
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 91,563,683	\$ 21,923,150	\$ 113,486,833
Prepaid items	60	-	60
Receivables			
Taxes	327,784	-	327,784
Accounts	1,553,966	3,768,567	5,322,533
Accrued interest	3,385,891	-	3,385,891
Internal balances	698,134	(698,134)	-
Due from other governments	7,876,708	133,136	8,009,844
Land held for resale	800,000	-	800,000
Total current assets	106,206,226	25,126,719	131,332,945
Noncurrent assets			
Restricted assets			
Cash and investments	9,387,650	936,864	10,324,514
Cash and investments with fiscal agents	1	2,213,477	2,213,478
Notes and loans receivable	16,333,718	-	16,333,718
Leases receivable	5,563,013	-	5,563,013
Capital assets not being depreciated or amortized	74,682,920	54,326,338	129,009,258
Capital assets, net of depreciation and amortization	136,412,530	84,002,771	220,415,301
Equity in California Domestic Water Company	-	14,312,081	14,312,081
Total noncurrent assets	242,379,832	155,791,531	398,171,363
Total assets	348,586,058	180,918,250	529,504,308
Deferred outflows of resources			
Deferred charge on refunding	-	1,003,501	1,003,501
Deferred amounts related to pensions	96,021,193	2,736,583	98,757,776
Deferred amounts related to OPEB	3,518,231	496,301	4,014,532
Total deferred outflows of resources	99,539,424	4,236,385	103,775,809

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City of Brea, California  
Statement of Net Position  
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 5,041,640	\$ 4,436,704	\$ 9,478,344
Accrued liabilities	1,279,980	95,077	1,375,057
Accrued interest	27,080	683,474	710,554
Unearned revenue	4,021,682	-	4,021,682
Deposits payable	409,662	248,408	658,070
Due to other governments	1,384,604	-	1,384,604
Long-term liabilities, due within one year	4,214,659	1,752,515	5,967,174
Total current liabilities	16,379,307	7,216,178	23,595,485
Noncurrent liabilities			
Long-term liabilities, due in more than one year	7,340,888	41,003,369	48,344,257
Total OPEB liability	21,451,901	3,354,682	24,806,583
Net pension liability	148,252,809	9,362,882	157,615,691
Total noncurrent liabilities	177,045,598	53,720,933	230,766,531
Total liabilities	193,424,905	60,937,111	254,362,016
Deferred inflows of resources			
Deferred amounts related to leases	5,442,300	-	5,442,300
Deferred amounts related to pensions	6,752,819	234,097	6,986,916
Deferred amounts related to OPEB	5,492,910	635,585	6,128,495
Total deferred inflows of resources	17,688,029	869,682	18,557,711
Net position			
Net investment in capital assets	208,081,095	96,873,414	304,954,509
Restricted for			
Affordable housing	23,483,421	-	23,483,421
Public safety	471,250	-	471,250
Public works	8,657,852	-	8,657,852
Capital projects	12,639,503	-	12,639,503
Debt service	-	2,213,477	2,213,477
Unrestricted	(16,320,573)	24,260,951	7,940,378
Total net position	\$ 237,012,548	\$ 123,347,842	\$ 360,360,390

City of Brea, California  
Statement of Activities  
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 9,466,893	\$ 514,792	\$ 1,991,857	\$ -
Public safety	45,981,340	729,739	5,812,913	-
Community development	2,888,919	595,142	122,406	130,770
Community services	10,309,313	2,103,722	599,028	-
Public works	16,514,002	2,742,326	2,261,776	1,684,013
Interest on long-term debt	27,156	-	-	-
<b>Total governmental activities</b>	<b>85,187,623</b>	<b>6,685,721</b>	<b>10,787,980</b>	<b>1,814,783</b>
<b>Business-Type Activities</b>				
Urban runoff	620,593	495,320	-	-
Water utility	16,847,646	20,359,095	-	-
Sewer utility	2,645,816	3,029,057	-	-
Sanitation	4,008,519	3,367,310	11,288	-
Information technology external support	952,912	1,006,864	-	-
Golf course	3,579,244	4,366,573	-	-
<b>Total business-type activities</b>	<b>28,654,730</b>	<b>32,624,219</b>	<b>11,288</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 113,842,353</b>	<b>\$ 39,309,940</b>	<b>\$ 10,799,268</b>	<b>\$ 1,814,783</b>
<b>General Revenues</b>				
Taxes				
Property taxes - general purposes				
Property taxes - paramedic program				
Transient occupancy tax				
Sales taxes				
Franchise tax				
Business licenses				
Other taxes				
Motor vehicle in lieu - unrestricted				
Use of money and property				
Other				
Gain on disposal of capital assets				
<b>Total general revenues</b>				
Transfers				
Change in Net Position				
Net Position, Beginning of Year, as restated				
Net Position, End of Year				

City of Brea, California  
Statement of Activities  
Year Ended June 30, 2023

Total Program Revenues	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
\$ 2,506,649	\$ (6,960,244)	\$ -	\$ (6,960,244)
6,542,652	(39,438,688)	-	(39,438,688)
848,318	(2,040,601)	-	(2,040,601)
2,702,750	(7,606,563)	-	(7,606,563)
6,688,115	(9,825,887)	-	(9,825,887)
-	(27,156)	-	(27,156)
19,288,484	(65,899,139)	-	(65,899,139)
495,320	-	(125,273)	(125,273)
20,359,095	-	3,511,449	3,511,449
3,029,057	-	383,241	383,241
3,378,598	-	(629,921)	(629,921)
1,006,864	-	53,952	53,952
4,366,573	-	787,329	787,329
32,635,507	-	3,980,777	3,980,777
<u>\$ 51,923,991</u>	<u>(65,899,139)</u>	<u>3,980,777</u>	<u>(61,918,362)</u>
	21,401,659	-	21,401,659
	5,606,774	-	5,606,774
	2,230,007	-	2,230,007
	28,812,030	-	28,812,030
	2,833,149	-	2,833,149
	1,145,905	-	1,145,905
	329,456	-	329,456
	110,277	-	110,277
	3,911,184	236,871	4,148,055
	3,624,522	-	3,624,522
	274,083	68,656	342,739
	70,279,046	305,527	70,584,573
	1,725,246	(1,725,246)	-
	6,105,153	2,561,058	8,666,211
	230,907,395	120,786,784	351,694,179
	<u>\$ 237,012,548</u>	<u>\$ 123,347,842</u>	<u>\$ 360,360,390</u>

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## **Major Governmental Funds**

### General Fund

The General fund is used to account for resources which are dedicated to governmental operations of the City, and not required to be accounted for in another fund.

### Housing Successor Fund

The Housing Successor Fund is used to account for revenues received and expenditures made for affordable housing. The primary sources of revenue are from loan repayments generated from the use of the former Brea Redevelopment Agency's Low- and Moderate-Income Housing Funds.

### Capital Improvements Fund

The Capital Improvements Fund is used to account for the costs of constructing street improvements, parks and other public improvements not normally included within the other capital projects funds. Financing is provided by Federal and State Grant Revenues and interfund transfers from non-major special revenue funds and General Fund.

### Non-Major Governmental Funds

Non-major governmental funds are those governmental funds which do not meet the criteria of a major fund. For reporting purposes in this section, they are combined together as non-major governmental funds.



City of Brea, California

Balance Sheet

Governmental Funds

June 30, 2023

	General	Special Revenue Fund Housing Successor	Capital Projects Fund Capital Improvements	Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 38,401,231	\$ 5,320,376	\$ 12,079,627	\$ 20,244,222	\$ 76,045,456
Prepaid items	60	-	-	-	60
Receivables					
Taxes	291,298	-	-	36,486	327,784
Accounts	1,460,421	-	-	2,595	1,463,016
Interest	542,454	2,843,437	-	-	3,385,891
Notes and loans	-	14,843,802	-	1,489,916	16,333,718
Leases	5,563,013	-	-	-	5,563,013
Due from other funds	173,222	-	-	-	173,222
Due from other governments	6,592,967	-	748,648	535,093	7,876,708
Land held for resale	-	800,000	-	-	800,000
Restricted assets:					
Cash and investments	9,387,650	-	-	-	9,387,650
Cash and investments with fiscal agents	1	-	-	-	1
<b>Total assets</b>	<b>\$ 62,412,317</b>	<b>\$ 23,807,615</b>	<b>\$ 12,828,275</b>	<b>\$ 22,308,312</b>	<b>\$ 121,356,519</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Account payable	\$ 997,744	\$ 5,566	\$ 3,442,833	\$ 272,493	\$ 4,718,636
Accrued liabilities	1,176,446	2,464	3,529	21,153	1,203,592
Unearned revenues	844	-	2,422,374	1,598,464	4,021,682
Deposits payable	408,745	917	-	-	409,662
Due to other funds	-	-	-	173,222	173,222
Due to other governments	1,412	-	-	1,383,192	1,384,604
<b>Total liabilities</b>	<b>2,585,191</b>	<b>8,947</b>	<b>5,868,736</b>	<b>3,448,524</b>	<b>11,911,398</b>
<b>Deferred Inflows of Resources</b>					
Deferred amounts related to leases	5,442,300	-	-	-	5,442,300
Unavailable revenues	1,327,730	3,691,451	748,648	103,575	5,871,404
<b>Total deferred inflows of resources</b>	<b>6,770,030</b>	<b>3,691,451</b>	<b>748,648</b>	<b>103,575</b>	<b>11,313,704</b>
<b>Fund Balances</b>					
Nonspendable	60	-	-	-	60
Restricted	10,634,967	20,107,217	6,210,891	18,933,918	55,886,993
Committed	1,443,668	-	-	-	1,443,668
Assigned	11,633,475	-	-	-	11,633,475
Unassigned (deficit)	29,344,926	-	-	(177,705)	29,167,221
<b>Total fund balances</b>	<b>53,057,096</b>	<b>20,107,217</b>	<b>6,210,891</b>	<b>18,756,213</b>	<b>98,131,417</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 62,412,317</b>	<b>\$ 23,807,615</b>	<b>\$ 12,828,275</b>	<b>\$ 22,308,312</b>	<b>\$ 121,356,519</b>

City of Brea, California  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
Governmental Funds  
June 30, 2023

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Fund balances of governmental funds		\$ 98,131,417
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of depreciation and amortization, have not been included as financial resources in governmental fund activity. Those capital assets consist of:		
Total capital assets, net of depreciation and amortization	\$ 366,536,485	
Accumulated depreciation and amortization	<u>(160,780,960)</u>	205,755,525
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. Those long term liabilities consist of:		
Lease revenue bonds	(2,679,498)	
Subscription IT liabilities	(195,228)	
Lease liabilities	(107,618)	
Compensated absences	<u>(2,730,067)</u>	(5,712,411)
Accrued interest payable for the current portion of interest due on bonds does not require the use of current financial resources and therefore, has not been reported in the governmental funds.		(27,080)
Amounts reported for net pension liability and total OPEB liability are not due in the current period and therefore are not reported in the governmental funds. Related components that will affect the net pension liability and total OPEB liability in future measurement years are reported as deferred outflows and deferred inflows of resources and are not reported in the governmental funds.		
Net pension liability	(141,222,795)	
Total OPEB liability	(19,442,321)	
Deferred outflows of resources related to pensions	93,966,463	
Deferred outflows of resources related to OPEB	3,185,172	
Deferred inflows of resources related to pensions	(6,577,050)	
Deferred inflows of resources related to OPEB	<u>(5,091,473)</u>	(75,182,004)
Revenues reported as unavailable revenues in the governmental funds do not provide current financial resources but are recognized in the statement of activities.		5,871,404
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred to individual funds. The assets, deferred outflows and inflows of resources, and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>8,175,697</u>
Net Position of Governmental Activities		<u><u>\$ 237,012,548</u></u>

City of Brea, California  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2023

	General	Special Revenue Fund Housing Successor	Capital Projects Fund Capital Improvements	Non-major Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 56,229,925	\$ -	\$ -	\$ 2,886,888	\$ 59,116,813
Licenses and permits	393,659	-	-	-	393,659
Intergovernmental	14,203,467	-	357,891	2,491,304	17,052,662
Charges for services	3,446,957	-	205,920	-	3,652,877
Investment income, net	1,097,842	40,590	42,895	95,866	1,277,193
Fines and forfeitures	323,185	-	-	7,393	330,578
Rental income	2,580,302	-	-	-	2,580,302
Other revenues	2,354,378	33,000	20,112	2,512,434	4,919,924
Total revenues	80,629,715	73,590	626,818	7,993,885	89,324,008
Expenditures					
Current					
General government	8,533,760	10,351	527,339	71,905	9,143,355
Public safety	42,440,042	-	99,164	1,672,941	44,212,147
Community development	2,496,372	245,463	-	131,214	2,873,049
Community services	9,612,938	-	-	-	9,612,938
Public works	6,845,184	-	49,780	2,900,794	9,795,758
Capital outlay	537,016	-	5,809,640	-	6,346,656
Debt service					
Principal	118,266	-	-	-	118,266
Interest and fiscal charges	92,968	-	-	-	92,968
Total expenditures	70,676,546	255,814	6,485,923	4,776,854	82,195,137
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,953,169	(182,224)	(5,859,105)	3,217,031	7,128,871
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	3,331	-	-	6,000	9,331
Subscriptions	36,055	-	-	-	36,055
Leases (lessee)	111,620	-	-	-	111,620
Transfers in	450,000	-	5,558,027	56,000	6,064,027
Transfers out	(5,899,731)	-	(49,245)	(2,627,550)	(8,576,526)
Total other financing sources (uses)	(5,298,725)	-	5,508,782	(2,565,550)	(2,355,493)
Net Changes in Fund Balances	4,654,444	(182,224)	(350,323)	651,481	4,773,378
Fund Balances, Beginning of Year	48,402,652	20,289,441	6,561,214	18,104,732	93,358,039
Fund Balances, End of Year	\$ 53,057,096	\$ 20,107,217	\$ 6,210,891	\$ 18,756,213	\$ 98,131,417

City of Brea, California  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2023

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Net change in fund balances - total governmental funds	\$ 4,773,378
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expenses. Additionally, certain capital contributions are only reported as revenues on the government wide statement of activities.	
Capital outlay	\$ 6,346,656
Loss on disposal of assets	268,607
Other capitalized expenditures	269,860
Depreciation/amortization	<u>(8,140,261)</u>
	(1,255,138)
The issuance of long-term debt (e.g., bonds, leases) provides current resources to governmental funds, while the repayment of long-term debt principal is an expenditure in the governmental funds. The issuance of debt increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Principal payments	118,266
Issuance of long term debt, including leases and SBITAs	(147,675)
Bond premium	70,692
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.	
These expenses consist of the following:	
Changes in interest payable for long-term liabilities	(4,880)
Changes in compensated absences	8,767
Changes in total OPEB liabilities and related deferred outflows and inflows of resources	496,068
Changes in net pension liabilities and related deferred outflows and inflows of resources	(752,903)
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.	(96,191)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.	<u>2,894,769</u>
Change in net position of governmental activities	<u>\$ 6,105,153</u>

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## **Major Enterprise Funds**

### Water Utility Fund

The Water Utility Fund is a major fund used to account for the operations of the City's water utility, which are operated in a manner similar to a private enterprise. The costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

### Sewer Utility Fund

The Sewer Utility Fund is a major fund used to account for the operations of the City's sewer distribution lines, which are operated in a manner similar to a private enterprise. The costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

## **Non-Major Enterprise Funds**

Non-major proprietary funds are those proprietary funds which do not meet the criteria of a major fund. For reporting purposes in this section, they are combined together as non-major enterprise funds.

## **Governmental Activities**

### Internal Services Funds

The Internal Services Funds are used to allocate the cost of providing goods and services by one department to another department on a cost reimbursement basis.

City of Brea, California  
Statement of Net Position – Proprietary Funds  
June 30, 2023

	Business-Type Activities		
	Water Utility	Sewer Utility	Non-major Enterprise Funds
<b>Assets</b>			
Current assets			
Cash and investments	\$ 12,592,156	\$ 5,090,615	\$ 4,240,379
Receivables			
Accounts receivable, net	2,761,159	401,769	605,639
Due from other governments	-	-	133,136
Total current assets	15,353,315	5,492,384	4,979,154
Noncurrent assets			
Restricted cash and investments	470,420	172,095	294,349
Restricted cash and investments with fiscal agent	2,213,477	-	-
Capital assets not being depreciated or amortized	42,639,662	2,876,076	8,810,600
Capital assets, net of accumulated depreciation and amortization	65,993,135	16,645,677	1,363,959
Equity in California Domestic Water Company	14,312,081	-	-
Total noncurrent assets	125,628,775	19,693,848	10,468,908
Total assets	140,982,090	25,186,232	15,448,062
Deferred outflows of resources			
Deferred charge on refunding	1,003,501	-	-
Deferred pension related items	1,325,262	541,035	870,286
Deferred OPEB related items	236,836	86,281	173,184
Total deferred outflows of resources	2,565,599	627,316	1,043,470
<b>Liabilities</b>			
Current liabilities			
Accounts payable	3,492,812	25,493	918,399
Accrued liabilities	49,081	17,882	28,114
Accrued interest	683,474	-	-
Deposits payable	248,408	-	-
Compensated absences, due within one year	118,544	44,267	59,704
Claims and judgments, due within one year	-	-	-
Bonds, notes, leases, and SBITAs, due within one year	1,530,000	-	-
Total current liabilities	6,122,319	87,642	1,006,217
Non-current liabilities			
Compensated absences, due in more than one year	39,515	14,756	19,902
Claims and judgments, due in more than one year	-	-	-
Net pension liability	4,534,221	1,851,085	2,977,576
Total OPEB liability	1,396,782	506,060	1,451,840
Bonds, notes, leases, and SBITAs, due in more than one year	40,929,196	-	-
Total noncurrent liabilities	46,899,714	2,371,901	4,449,318
Total liabilities	53,022,033	2,459,543	5,455,535
Deferred inflows of resources			
Deferred pension related items	113,367	46,282	74,448
Deferred OPEB related items	290,522	110,863	234,200
Total Deferred Inflows of Resources	403,889	157,145	308,648
<b>Net position</b>			
Net investment in capital assets	67,177,102	19,521,753	10,174,559
Restricted for debt service	2,213,477	-	-
Unrestricted	20,731,188	3,675,107	552,790
Total net position	\$ 90,121,767	\$ 23,196,860	\$ 10,727,349

(Continued)

City of Brea, California  
Statement of Net Position – Proprietary Funds  
June 30, 2023

	Total Enterprise Funds	Governmental Activities Internal Service Funds
<b>Assets</b>		
Current assets		
Cash and investments	\$ 21,923,150	\$ 15,518,227
Receivables		
Accounts receivable	3,768,567	90,950
Due from other governments	133,136	-
Total current assets	<u>25,824,853</u>	<u>15,609,177</u>
Noncurrent assets		
Restricted cash and investments	936,864	-
Restricted - Cash and investments with fiscal agent	2,213,477	-
Capital assets - nondepreciable	54,326,338	-
Capital assets, net of accumulated depreciation and amortization	84,002,771	5,339,925
Equity in California Domestic Water Company	14,312,081	-
Total noncurrent assets	<u>155,791,531</u>	<u>5,339,925</u>
Total assets	<u>181,616,384</u>	<u>20,949,102</u>
Deferred outflows of resources		
Deferred charge on refunding	1,003,501	-
Deferred pension related items	2,736,583	2,054,730
Deferred OPEB related items	496,301	333,059
Total deferred outflows of resources	<u>4,236,385</u>	<u>2,387,789</u>
Total assets and deferred outflows of resources	<u>\$ 185,852,769</u>	<u>\$ 23,336,891</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 4,436,704	\$ 323,004
Accrued liabilities	95,077	76,388
Accrued interest	683,474	-
Deposits payable	248,408	-
Compensated absences, due within one year	222,515	77,340
Claims and judgments, due within one year	-	1,940,722
Bonds, notes, and leases, due within one year	1,530,000	15,785
Total current liabilities	<u>7,216,178</u>	<u>2,433,239</u>
Non-current liabilities		
Compensated absences, due in more than one year	74,173	25,780
Claims and judgments, due in more than one year	-	3,767,283
Net pension liability	9,362,882	7,030,014
Total OPEB liability	3,354,682	2,009,580
Bonds, notes, and leases, due in more than one year	40,929,196	16,226
Total noncurrent liabilities	<u>53,720,933</u>	<u>12,848,883</u>
Total liabilities	<u>60,937,111</u>	<u>15,282,122</u>
Deferred inflows of resources		
Deferred pension related items	234,097	175,769
Deferred OPEB related items	635,585	401,437
Total Deferred Inflows of Resources	<u>869,682</u>	<u>577,206</u>
<b>Net position</b>		
Net investment in capital assets	96,873,414	5,339,925
Restricted for debt service	2,213,477	-
Unrestricted	24,959,085	2,137,638
Total net position	<u>\$ 124,045,976</u>	<u>\$ 7,477,563</u>
Reconciliation of Net Position to the Statement of Net Position		
Net Position per Statement of Net Position - Proprietary Funds	\$ 124,045,976	
Accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	(698,134)	
Net position of business-type activities	<u>\$ 123,347,842</u>	



City of Brea, California

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds

Year Ended June 30, 2023

	Business-Type Activities		Non-major Enterprise Funds
	Water Utility	Sewer Utility	
Operating Revenues			
Charges for services	\$ 19,776,701	\$ 3,003,657	\$ 9,171,459
Connection fees	97,599	6,960	-
Fines and forfeitures	399,213	-	39,510
Other revenues	85,582	18,440	25,098
Total operating revenues	20,359,095	3,029,057	9,236,067
Operating Expenses			
Personnel services	791,354	1,047,628	1,861,975
Maintenance and operation	2,664,686	993,198	7,095,347
Cost of purchased water	8,772,344	-	-
Claims and judgments	-	-	-
Depreciation/Amortization	2,644,200	546,627	81,352
Total operating expenses	14,872,584	2,587,453	9,038,674
Operating income (loss)	5,486,511	441,604	197,393
Nonoperating Revenues (Expenses)			
Intergovernmental revenues	-	-	11,288
Interest revenue	151,237	43,613	42,021
Interest expense	(1,583,242)	-	-
Change in equity of California Domestic Water Company	(134,662)	-	-
Gain on disposal of capital assets	68,656	-	-
Total nonoperating revenues (expenses)	(1,498,011)	43,613	53,309
Income before transfers	3,988,500	485,217	250,702
Transfers			
Transfers in	-	-	201,933
Transfers out	(1,872,739)	(54,440)	-
Total transfers	(1,872,739)	(54,440)	201,933
Change in Net Position	2,115,761	430,777	452,635
Net Position			
Net Position, Beginning of Year	88,006,006	22,766,083	10,274,714
Net Position, End of Year	\$ 90,121,767	\$ 23,196,860	\$ 10,727,349

City of Brea, California

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds

Year Ended June 30, 2023

	Total Enterprise Funds	Governmental Activities Internal Service Funds
Operating Revenues		
Charges for services	\$ 31,951,817	\$ 12,826,820
Connection fees	104,559	-
Fines and forfeitures	438,723	-
Other revenues	129,120	162,438
Total operating revenues	<u>32,624,219</u>	<u>12,989,258</u>
Operating Expenses		
Personnel services	3,700,957	2,981,933
Maintenance and operation	10,753,231	8,673,708
Cost of purchased water	8,772,344	-
Claims and judgements	-	2,278,418
Depreciation/Amortization	3,272,179	898,063
Total operating expenses	<u>26,498,711</u>	<u>14,832,122</u>
Operating income (loss)	<u>6,125,508</u>	<u>(1,842,864)</u>
Nonoperating Revenues (Expenses)		
Intergovernmental revenues	11,288	-
Interest revenue	236,871	65,628
Interest expense	(1,583,242)	-
Change in equity of California Domestic Water Company	(134,662)	-
Gain on disposal of capital assets	68,656	(3,855)
Total nonoperating revenues (expenses)	<u>(1,401,089)</u>	<u>61,773</u>
Income before transfers	<u>4,724,419</u>	<u>(1,781,091)</u>
Transfers		
Transfers in	201,933	4,237,745
Transfers out	(1,927,179)	-
Total transfers	<u>(1,725,246)</u>	<u>4,237,745</u>
Change in Net Position	2,999,173	2,456,654
Net Position		
Net Position, Beginning of Year	121,046,803	5,020,909
Net Position, End of Year	<u>\$ 124,045,976</u>	<u>\$ 7,477,563</u>
Reconciliation of Changes in Net Position to the Statement of Activities		
Changes in net position, per the Statement of Revenues, Expense and changes in fund net position - Proprietary Funds	\$ 2,999,173	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	(438,115)	
Changes in Net Position of Business-Type Activities per Statement of Activities	<u>\$ 2,561,058</u>	

City of Brea, California  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2023

	Business-Type Activities		
	Water Utility	Sewer Utility	Non-major Enterprise Funds
Operating Activities			
Cash received from customers and users	\$ 21,518,766	\$ 3,066,320	\$ 9,365,910
Cash payments to suppliers for goods and services	(12,890,956)	(982,349)	(7,241,312)
Cash payments to employees for services	(433,738)	(921,061)	(1,699,998)
Net Cash Provided by (used for) Operating Activities	<u>8,194,072</u>	<u>1,162,910</u>	<u>424,600</u>
Noncapital Financing Activities			
Cash transfer out	(1,872,739)	(54,440)	-
Cash transfer in	-	-	201,933
Purchase of CDWC common stock	(1,708,000)	-	-
Intergovernmental revenues	<u>-</u>	<u>-</u>	<u>11,288</u>
Net Cash Provided by (used for) Noncapital Financing Activities	<u>(3,580,739)</u>	<u>(54,440)</u>	<u>213,221</u>
Capital and Related Financing Activities			
Acquisition and construction of capital assets	(8,002,172)	(1,311,744)	(108,443)
Proceeds from sale of capital assets	68,656	-	-
Principal and interest paid on long-term debt	<u>(2,862,488)</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(10,796,004)</u>	<u>(1,311,744)</u>	<u>(108,443)</u>
Investing Activities			
Interest received, net of change in fair value	<u>151,237</u>	<u>43,613</u>	<u>42,021</u>
Net Cash Provided by (used for) Investing Financing Activities	<u>151,237</u>	<u>43,613</u>	<u>42,021</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,031,434)	(159,661)	571,399
Cash and Cash Equivalents at Beginning of Year	<u>21,307,487</u>	<u>5,422,371</u>	<u>3,963,329</u>
Cash and Cash Equivalents at End of Year	<u>\$ 15,276,053</u>	<u>\$ 5,262,710</u>	<u>\$ 4,534,728</u>
Reconciliation of cash and cash equivalents			
Cash and investments	\$ 12,592,156	\$ 5,090,615	\$ 4,240,379
Restricted Cash and investments	470,420	172,095	294,349
Restricted - Cash and investments with fiscal agent	<u>2,213,477</u>	<u>-</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 15,276,053</u>	<u>\$ 5,262,710</u>	<u>\$ 4,534,728</u>

(continued)

City of Brea, California  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2023

	Total Enterprise Funds	Governmental Activities Internal Service Funds
Operating Activities		
Cash received from customers and users	\$ 33,950,996	\$ 13,053,917
Cash payments to suppliers for goods and services	(21,114,617)	(6,957,018)
Cash payments to employees for services	(3,054,797)	(7,020,044)
Net Cash Provided by (used for) Operating Activities	<u>9,781,582</u>	<u>(923,145)</u>
Noncapital Financing Activities		
Cash transfer out	(1,927,179)	-
Cash transfer in	201,933	4,237,745
Purchase of CDWC common stock	(1,708,000)	-
Intergovernmental revenues	11,288	-
Net Cash Provided by (used for) Noncapital Financing Activities	<u>(3,421,958)</u>	<u>4,237,745</u>
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(9,422,359)	(1,142,354)
Proceeds from sale of capital assets	68,656	-
Principal and interest paid on long-term debt	(2,862,488)	(16,680)
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(12,216,191)</u>	<u>(1,159,034)</u>
Investing Activities		
Interest received, net of change in fair value	236,871	65,628
Net Cash Provided by (used for) Investing Financing Activities	<u>236,871</u>	<u>65,628</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,619,696)	2,221,194
Cash and Cash Equivalents at Beginning of Year	<u>30,693,187</u>	<u>13,297,033</u>
Cash and Cash Equivalents at End of Year	<u>\$ 25,073,491</u>	<u>\$ 15,518,227</u>
Reconciliation of cash and cash equivalents		
Cash and investments	\$ 21,923,150	\$ 15,518,227
Restricted Cash and investments	936,864	-
Restricted - Cash and investments with fiscal agent	2,213,477	-
Total Cash and Cash Equivalents	<u>\$ 25,073,491</u>	<u>\$ 15,518,227</u> (Continued)

City of Brea, California  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2023

	Business-Type Activities		
	Water Utility	Sewer Utility	Non-major Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities			
Operating income (loss)	\$ 5,486,511	\$ 441,604	\$ 197,393
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	2,644,200	546,627	81,352
Changes in net pension liability and related deferrals	366,727	123,781	176,765
Changes in total OPEB liability and related deferrals	(24,988)	(9,864)	(14,998)
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	1,159,671	37,263	129,843
(Increase) decrease in due from other governments	-	-	-
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in accounts payable	(1,465,379)	10,849	(153,634)
Increase (decrease) in accrued liabilities	19,053	5,976	7,669
Increase (decrease) in deposit payables	11,453	-	-
Increase (decrease) in claims and judgements	-	-	-
Increase (decrease) in compensated absences	(3,176)	6,674	210
Total adjustments	2,707,561	721,306	227,207
Net Cash Provided by (used for) Operating Activities	<u>\$ 8,194,072</u>	<u>\$ 1,162,910</u>	<u>\$ 424,600</u>
Non-Cash Investing, Capital, and Financing Activities			
Amortization of loss on refunding	\$ (482,615)	\$ -	\$ -
Change in equity of California Domestic Water Company	(134,662)	-	-
Subscription liability for the acquisition of a right to use subscription asset	-	-	-

(Continued)

City of Brea, California  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2023

	Total Enterprise Funds	Governmental Activities Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities		
Operating income (loss)	\$ 6,125,508	\$ (1,842,864)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	3,272,179	898,063
Changes in net pension liability and related deferrals	667,273	(414,686)
Changes in total OPEB liability and related deferrals	(49,850)	(41,507)
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	1,326,777	36,308
(Increase) decrease in due from other governments	-	-
Increase (decrease) in unearned revenue	-	-
Increase (decrease) in accounts payable	(1,608,164)	19,467
Increase (decrease) in accrued liabilities	32,698	17,570
Increase (decrease) in deposit payables	11,453	-
Increase (decrease) in claims and judgements	-	420,913
Increase (decrease) in compensated absences	3,708	(16,409)
Total adjustments	3,656,074	919,719
Net Cash Provided by (used for) Operating Activities	<u>\$ 9,781,582</u>	<u>\$ (923,145)</u>
Non-Cash Investing, Capital, and Financing Activities		
Amortization of loss on refunding	\$ (482,615)	\$ -
Change in equity of California Domestic Water Company	(134,662)	-
Subscription liability for the acquisition of a right to use subscription asset	-	48,691

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**Custodial Funds**

Custodial Funds, a type of fiduciary fund, are used to account for assets held by the City as an agent for other governmental entities, private organizations, or individuals.

**Private-Purpose Trust Fund**

Private-Purpose Trust Fund, a type of fiduciary fund, is used to account for assets held by the City as Successor Agency of the former Brea Redevelopment Agency.



City of Brea, California  
Statement of Fiduciary Net Position – Fiduciary Funds  
June 30, 2023

	Custodial Funds	Private- Purpose Trust Fund Successor Agency of the Former RDA
<b>Assets</b>		
Cash and investments	\$ 14,468,838	\$ 368,117
Receivables		
Taxes	6,040	-
Accounts	70,059	-
Accrued interest	-	152
Due from other governments	100	426,000
Prepaid items	9,465	-
Restricted assets		
Cash and investments with fiscal agents	660,546	12,306,246
Capital assets, net of accumulated depreciation	2,282	-
	<u>15,217,330</u>	<u>13,100,515</u>
<b>Deferred outflows of resources</b>		
Deferred charge on refunding	-	3,349,026
	<u>-</u>	<u>3,349,026</u>
<b>Liabilities</b>		
Accounts payable	387,856	-
Accrued liabilities	547,378	-
Accrued interest	-	1,436,536
Due to the City of Brea	-	2,497
Long-term liabilities		
Due in one year	-	10,720,000
Due in more than one year	-	89,255,743
	<u>935,234</u>	<u>101,414,776</u>
<b>Net Position (deficit)</b>		
Restricted for individuals, organizations, and other governments	<u>\$ 14,282,096</u>	<u>\$ (84,965,235)</u>

City of Brea, California  
Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
Year Ended June 30, 2023

	Custodial Funds	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions		
Taxes and special assessments	\$ 994,061	\$ 13,527,838
Member contributions	9,434,184	-
Interest and changes in fair value of investments	72,758	235,205
Miscellaneous	101,102	-
Total additions	<u>10,602,105</u>	<u>13,763,043</u>
Deductions		
Administrative expenses	1,631,605	2,497
Contractual services	-	23,172
Principal payments	485,000	-
Interest expense	384,110	3,913,323
Capital expenses	22,383	-
Total deductions	<u>2,523,098</u>	<u>3,938,992</u>
Changes in Net Position	8,079,007	9,824,051
Net position (deficit)		
Net Deficit, Beginning of the Year	<u>6,203,089</u>	<u>(94,789,286)</u>
Net Deficit, End of the Year	<u><u>\$ 14,282,096</u></u>	<u><u>\$ (84,965,235)</u></u>

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## Notes to the Financial Statements

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## **Note 1 - Summary of Significant Accounting Policies**

The financial statements of the City of Brea, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City of Brea are described below.

### **a. Description of the Reporting Entity**

The City of Brea was incorporated on February 23, 1917, under the general laws of the State of California. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, cultural recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Brea and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Based upon the above criteria, the component units of the City are the Brea Public Financing Authority, the Brea Community Benefit Financing Authority and the Midbury Assessment Authority.

Since City Council serves as the governing board for these component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations, so data from these units is combined therein. A brief description of each component unit follows:

#### **Brea Public Financing Authority**

The Brea Public Financing Authority was created by a joint exercise of powers agreement between the City of Brea and the former Redevelopment Agency of the City of Brea on November 17, 1987. In April 1988, the Brea-Olinda Unified School District became an associate member of the Authority. The purpose of the Brea Public Financing Authority is to provide, through the issuance of debt, financing necessary for various capital improvements. The Brea Public Financing Authority is administered by the Board who are the members of the

City Council and the Mayor. The Brea Public Financing Authority's primary source of income is installment sale and lease payments received from the City, which will be used to meet the debt service requirements on debt issues. The Brea Public Financing Authority does not have taxing power. Separate financial statements are not prepared for the Brea Public Financing Authority. The activities of the Brea Public Financing Authority are accounted for in the Water Enterprise Fund.

#### **Brea Community Benefit Financing Authority**

The Brea Community Benefit Financing Authority was created by a joint exercise of powers agreement between the City of Brea and the Industrial Development Authority of the City of Brea on July 22, 2014. The purpose of the Brea Community Benefit Financing Authority is to provide, through the issuance of debt, financing for various capital improvements. The Brea Community Benefit Financing Authority is administered by the Board who are the members of the City Council and the Mayor. The Brea Community Benefit Financing Authority's primary source of income is installment sale payments from the City, which will be used to meet the debt service requirements on debt issues. Separate financial statements are not prepared for the Brea Community Benefit Financing Authority.

#### **Midbury Assessment Authority**

The Midbury Assessment Authority was created by a joint exercise of powers agreement between the City of Brea, Los Angeles County, and Orange County on May 18, 1999. The purpose of the authority is to provide a means for each party to the agreement to contribute money to street improvement projects, to form an assessment district and to levy an assessment to finance the balance of the projects. The Authority is administered by the Board who are the members of the City Council and the Mayor. The Authority's primary source of income is from new assessments that result in additional taxes. Separate financial statements are not prepared for the Midbury Assessment Authority. There were no activities recorded for the Midbury Assessment Authority during the fiscal year as the project has been completed and is in the dissolution process.

#### **b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary activities of the City are not included in these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**c. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of sales tax revenues and certain revenues related to refuse revenue sharing which are considered available if collected within 90 days of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City's fiduciary funds consist of custodial funds and a private purpose trust fund. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Private purpose trust funds and custodial funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all general revenues of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of general services by the City. The General Fund is used to account for all resources not required to be accounted for in another fund.



- The Housing Successor Special Revenue Fund accounts for the housing assets as a result of the dissolution of the former Brea Redevelopment Agency. Resources generated from these assets are to be used for low to moderate income housing purposes. The primary sources of revenue are from loan repayments generated from the use of the former Brea Redevelopment Agency's Low and Moderate Income Housing Funds.
- The Capital Improvements Capital Projects Fund accounts for the costs of constructing street improvements, parks and other public improvements not normally included within the other Capital Projects Funds. Financing is provided by federal, state and county grant revenues and interfund transfers from the General Fund and special revenue funds.

The City reports the following major proprietary funds:

- The Water Utility Enterprise Fund accounts for the City's water utility operations, which are financed and operated in a manner similar to a private enterprise. The cost (expenses, including depreciation) of providing these services to the users on a continuing basis is financed or recovered primarily through user charges.
- The Sewer Utility Enterprise Fund accounts for the operations of the City's sewer distribution lines, which are operated in a manner similar to a private enterprise. The costs (expenses, including depreciation) of providing these services to the users on a continuing basis are financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes.
- Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- Internal Service Funds account for financial transactions related to repairs, replacement, and maintenance of City-owned buildings and vehicles and to account for the City's self-insurance programs and operations of the internal information technology services program. These services are provided to other departments or agencies of the City on a cost reimbursement basis.
- Custodial Funds account for assets held by the City in a custodial capacity as a trustee or as an agent. These assets include deposits from assessment district's property owners.
- Private-Purpose Trust Fund accounts for the assets, deferred outflows or resources, and liabilities of the former redevelopment agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds' function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Residual net position balances in internal service funds are allocated back to the governmental and enterprise funds that they originally charged.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprises funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position**

**Cash and Investments**

Cash includes demand deposits, certificates of deposits and savings account balances. The California Government Code and the City of Brea's investment policy permit the City of Brea to invest in various instruments and pools. Investments are reported in the accompanying balance sheet at fair value, except for investments that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates.

The City reports its investments at fair value in the balance sheet. Interest earnings, realized gains and losses and, changes in the fair value of investments are recognized as revenue from the use of money and property in the operating statement. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The City pools cash and investments of all funds except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

The City applies GASB Statement No. 72, *Fair Value Measurements and Application* for determining fair value measurements, applying fair value to investments, and disclosures related to the fair value hierarchy. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of Brea. Cash equivalents have an original maturity date of three months or less from the date of purchase. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash.

### **Restricted Cash and Investments**

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Additionally, the City has established the PARS Post-Employment Benefits Trust as a tax-exempt trust within the meaning of Section 115 of the IRS Code to accumulate resources to "stabilize" the amount of its General Fund resources that it will need to meet future contributions requirements to California Public Employees' Retirement system (CalPERS). The balances and activities of the Trust are irrevocably dedicated to funding future obligations to CalPERS. The assets will benefit the City through reduced future cash flow demands on the City's General fund resources, and continue to be assets of the City. These amounts are reflected as restricted cash and investments in the General fund.

### **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The amounts recorded as a receivable due from other governments include sales taxes, property taxes and grant revenues collected or provided by federal, state, county and city governments and unremitted to the City as of June 30, 2023. The County of Orange assesses, bills, and collects property taxes for the City.

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The business-type activities also report prepaid items for certain payments to vendors to be used in future periods.

### **Land Held for Resale**

The former Brea Redevelopment Agency acquired land that was primarily used to develop blighted properties. However, the land was transferred to the City. The City records these parcels as land held for resale in its financial statements. The property is being carried at cost or, if lower, the estimated net realizable value upon entering into an agreement to sell the property. The City disposed of all these parcels as required by the Dissolution Act. The City as the Housing Successor to the Brea Redevelopment Agency (Housing Successor) acquired one of these parcels from the Successor Agency.

### **Capital Assets**

Capital assets, which include property, plant, equipment, right to use leased assets, right to use subscription assets, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets and infrastructure are defined by the City as assets with an initial, individual cost of more than \$5,000 and \$100,000 respectively and an estimated useful life in excess of four years. Except for right to use lease assets, such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Right to use leased assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the City's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

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

Property, plant and equipment of the primary government and its component units are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	40 - 50
Computers	4 - 5
Equipment	4 - 10
Improvements	10 - 50
Infrastructure	40 - 50
Software	5 - 10
Vehicles	4 - 10

The City classifies certain water rights as intangible assets with an indefinite useful life as there are no legal, contractual, or other factors that limit the benefits associated with the water rights.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualify for reporting in this category. One is deferred charges on refunding reported in the government-wide statement of net position and the proprietary funds statement of net position. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price at the time of refunding. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other items are deferred pension and OPEB related items reported in the government-wide statement of net position and the proprietary funds statement of net position.

In addition to liabilities, the balance sheet or statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports four items as deferred inflows of resources. First, unavailable revenues arise only under a modified accrual basis of accounting, and accordingly, is reported only in the governmental funds balance sheet. These amounts reflect resources that have been earned but not received within the period of availability. Therefore, this does not provide an available financial resource in the current period, and the recognition is deferred until these criteria have been met, as unavailable revenues. The second and third items are deferred pension and OPEB related items reported in the government-wide statement of net position and the proprietary funds statements of net position. The fourth item is related to deferred inflows related to lease receivables. The revenues associated with the deferred inflows of resources are recognized systematically over the term of the lease.

### **Compensated Absences**

It is the City's policy for employees to accumulate earned but unused vacation and sick benefits. Permanent City employees earn from 10 to 20 vacation days a year, depending upon their length of employment, and 12 sick days a year. Employees may carry forward unused sick leave indefinitely. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave. Any unused sick leave is forfeited; converted to CalPERS service credits; or for certain employees, transferred to a retiree health savings accounts upon termination of employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### **Long-Term Obligations**

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

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the City.

Subscription liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by the City.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt service expenditures including principal and interest payments are reported as expenditures.

### **Claims and Judgments**

The City records a liability for litigation, judgments and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the Internal Service Funds that account for the City's self-insurance activities.

### **Other Postemployment Benefits (OPEB)**

OPEB expense, deferred outflows/inflows of resources related to OPEB, and an implied subsidy payment were used to measure the total OPEB liability. The City does not provide any cash subsidy towards the benefit, and there are no assets accumulated in a trust for the plan. The General Fund is used to liquidate the governmental fund OPEB liability.

### **Net Pension Liability**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website. The General Fund is used to liquidate the governmental fund net pension liability.

### **Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

**Nonspendable Fund Balance** – This amount indicates the portion of funds balances which cannot be spent because they are either not in spendable form such as prepaid items, inventories, land held for resale or loans/notes receivable, or legally or contractually required to be maintained intact, such as the principal portion of an endowment. Only the General Fund may report nonspendable fund balance for long-term interfund receivables and land held for resale.

**Restricted Fund Balance** – This amount indicates the portion of fund balances which has been restricted in one of two ways a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Long-term interfund receivables and land held for resale in governmental funds other than the General Fund are included within restricted fund balance.

**Committed Fund Balance** – This amount indicates the portion of fund balances which can only be used for specific purposes pursuant to a formal resolution of the City Council.

**Assigned Fund Balance** – This amount indicates the portion of fund balances which is constrained by the City's intent to be used for specific purpose, but is neither restricted nor committed. The Administrative Services Director is authorized to determine and define the amount of assigned fund balances, which was established by City Council through resolution.

**Unassigned Fund Balance** – This includes the excess residual amounts in the General Fund and the residual deficit of all other governmental funds which have not been restricted, committed, or assigned to specific purposes.

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the adoption of another resolution. City Council action to commit fund balance needs to occur within the fiscal reporting period; however, the amount can be determined subsequently.

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

### **Net Position**

In the governmental-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments. As of June 30, 2023, \$45,252,026 of net position is restricted by enabling legislation.

Unrestricted Net Position – This amount is the remaining net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

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

### **e. Property Tax**

Property tax revenue is recognized on the modified accrual basis that is, in the fiscal year for which the taxes have been levied, providing they become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of Orange collects property taxes for the City. Tax liens attach annually on the first day in January the preceding fiscal year for which the taxes are



levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

**f. Use of Estimates**

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

**g. Effect of New Accounting Standards**

During the fiscal year ended June 30, 2023, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

**GASB Statement No. 94** – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*. The objective of this Statement is to establish standards of accounting and financial reporting for PPPs and APAs. The Statement requires recognition of certain assets, receivables, deferred inflows of revenues (transferor) and liabilities and deferred outflows of resources (operators) for PPP arrangements. The City has determined that there was no material impact on the financial statements.

**GASB Statement No. 96** – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The City implemented this statement effective July 1, 2022. The effect of the implementation of this standard on beginning net position is disclosed in Note 18 and the additional disclosures required by this standard are included in Notes 8 and 9.

**GASB Statement No. 99** – In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in account and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The City has determined that there was no material impact on the financial statements.

**h. Accounting Standards Effective in Future Years**

The GASB has issued pronouncements that have an effective date subsequent to June 30, 2023, which may impact future financial presentations. The following statements are currently being evaluated by the City's management.

**GASB Statement No. 99** – *Omnibus 2022* – The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

**GASB Statement No. 100** – *Accounting Changes and Error Corrections*.

**GASB Statement No. 101** – *Compensated Absences*.

**Note 2 - Stewardship, Compliance and Accountability**

**Deficit Fund Balances or Net Position**

The following individual nonmajor funds have a deficit at June 30, 2023:

Deficit Fund Balances:

Community Development Block Grant Special Revenue Fund	\$ 176,960
National Opioid Settlement Fund	745

Deficit Net Position

Sanitation Fund	313,099
Information Technology External Support Enterprise Fund	1,794,015
Information Technology Internal Service Fund	229,659

For the Community Development Block Grant special revenue fund, the City expects to eliminate these deficits with anticipated future revenues from grants and program income. The deficit in the National Opioid Settlement special revenue fund is due to timing of the collection of revenues. For the Information Technology internal service fund and Information Technology External Support and Sanitation enterprise funds, the deficits are the result of pension and OPEB liabilities, which will be eliminated through future charges.

At June 30, 2023, the Successor Agency of the Former RDA Private-purpose Trust Fund had a deficit net position amount of \$84,965,235. The deficit balance will be eliminated with future property tax revenue.

### Note 3 - Cash and Investments

As of June 30, 2023, cash and investments are classified in the accompanying financial statements as follows:

	Statement of Net Position	Statement of Fiduciary Net Position	Total
Cash and investments	\$ 113,486,833	\$ 14,836,955	\$ 128,323,788
Restricted assets:			
Cash and investments	10,324,514	-	10,324,514
Cash and investments with fiscal agents	<u>2,213,478</u>	<u>12,966,792</u>	<u>15,180,270</u>
Total cash and investments	<u>\$ 126,024,825</u>	<u>\$ 27,803,747</u>	<u>\$ 153,828,572</u>

Cash and investments as of June 30, 2023, consist of the following:

Cash on hand	\$ 10,987
Deposits with financial institutions	<u>2,601,453</u>
Total cash	<u>2,612,440</u>
Investments	125,711,378
Restricted cash and investments	10,324,514
Cash and investments with fiscal agents	<u>15,180,240</u>
Total investments	<u>151,216,132</u>
Total cash and investments	<u>\$ 153,828,572</u>

The City of Brea maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

#### a. Cash Deposits

The carrying amount of the City's cash deposits was \$2,601,453 at June 30, 2023. Bank balances were \$3,169,915 at that date. The \$568,462 difference represents outstanding checks and other reconciling items. As of June 30, 2023, the City's deposits with financial institutions were covered by FDIC up to \$250,000, and the remaining amounts of \$2,919,915 were collateralized as described below.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the

Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

**b. Investments**

Investments Authorized by the California Government Code and the City's Investment Policy

Funds of the City, other than bond proceeds and cash deposits held in restricted accounts, may be invested in any instrument allowable under current legislation of the State of California (Government Code Section 53600 et sec.) so long as the investment is appropriate and consistent with the City's investment policy. The following investments are authorized:

Authorized Investment Type	Credit Ratings	Maximum Maturity	Maximum Percentage Amount of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations (Bills, Notes and Bonds)	N/A	5 years	No limit	No limit
U.S. Government Sponsored Enterprise Securities*	N/A	5 years	No limit	No limit
Banker's Acceptances	N/A	180 days	40%	30%
Commercial Paper	A-1/A	270 days	25%	10%
Repurchase Agreements	N/A	1 year	No limit	No limit
Certificates of Deposit	N/A	5 years	30%	No limit
Negotiable Certificates of Deposit	N/A	5 years	30%	No limit
Passbook Savings Accounts/Interest Bearing Investment	N/A	n/a	No limit	No limit
Medium Term Corporate Notes	A	5 years	30%	No limit
Bank Money Market Accounts	AAA	5 years	20%	10%
California Local Agency Investment Fund**	N/A	n/a	LAIF limit	No limit
County of Orange Investment Fund (County Pool)**	N/A	n/a	No limit	No limit
Asset Backed Securities	AA	5 years	10%	No limit
Supranationals	AA	5 years	15%	5%

\*maximum of 5% in callable bonds issued by such agencies

\*\*State and County investment pools together cannot exceed 60% of the maturity value of the portfolio at the time purchase, and no more than 40% of the maturity value at the time of purchase can be deposited in any one particular pool.

Provisions of Government Code Section 53601 are to be adhered to at all times. Additionally, the City will use the guidelines established by the joint committee of the California Municipal Treasurers Association and the California Society of Municipal Finance Officers as the basis for investing in government investment pools.

For purposes of complying with legal investment limitations, the percentage referenced above refers to the maturity value of the portfolio at the time of purchase.

#### Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

#### Investments in State Investment Pool

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. Each City may invest up to \$75,000,000. The fair value of the position in the investment pool is the same as the value of the pool shares. The balance available for withdrawal on demand is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated and not registered with the Securities and Exchange Commission (SEC).

#### Restricted Cash & Investments

The City has established a Section 115 Trust to accumulate resources for future contributions to CalPERS. As of June 30, 2023, the City reported \$10,324,514 in restricted cash and investments. As of June 30, 2023, the City had \$9,387,650 of restricted cash and investments reported in the general fund and \$936,864 held in the business-type funds in a Section 115 Trust restricted for future pension contributions. In January 2016 and amended August 2021, the City adopted an investment policy for the Section 115, which authorized the following investments:

- Debt obligations of the U.S. Government, its agencies, and Government Sponsored Enterprises
- Mortgage-Backed Securities
- Asset Backed Securities
- Collateralized Mortgage Obligations
- Commercial Mortgage-Backed Securities
- Corporate debt securities issued by U.S. or foreign entities including, but not limited to, limited partnerships, equipment trust certificates and enhanced equipment trust certificates

The portfolio will maintain a minimum weighted average quality of A- at all times. Individual securities shall have a minimum quality rating of Baa3 by Moody's or BBB- by Standard & Poor's (S&P).

#### **c. Risk Disclosures**

##### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Minimum legal rating	Not Rated	AAA / A-1	AA+	AA-	AA	A+
U.S. Treasury Obligations	N/A	\$ -	\$ -	\$ 30,054,962	\$ -	\$ -	\$ -
U.S. Government Sponsored Enterprise Securities	N/A	8,533,864	2,720,523	18,124,612	-	-	-
Corporate Notes	A	-	-	414,499	-	2,527,310	6,699,595
Money Market Mutual Funds	AAA	435,058	-	-	-	-	-
Asset Backed Securities	AA	2,424,252	2,605,975	-	-	-	-
California Local Agency Investment Fund	N/A	24,396,422	-	-	-	-	-
Supranational	AA	-	2,584,583	-	-	-	-
Municipal Bonds	N/A	-	-	-	865,575	-	-
Restricted Cash and Investments - Section 115 Trust							
U.S. Treasury Obligations	N/A	142,893	-	-	-	-	-
Corporate Bonds	BBB-	-	-	-	235,323	-	159,188
Money Market Mutual Funds	N/A	7,355,136	-	-	-	-	-
Restricted Cash and Investments with Fiscal Agents							
Money Market Mutual Funds	N/A	14,756,737	-	-	-	-	-
U.S. Treasury Obligations	N/A	-	-	423,704	-	-	-
<b>Total</b>		<b>\$ 58,044,362</b>	<b>\$ 7,911,081</b>	<b>\$ 49,017,777</b>	<b>\$ 1,100,898</b>	<b>\$ 2,527,310</b>	<b>\$ 6,858,783</b>

Investment Type	Minimum legal rating	A	A-1+	A-	BBB+/BBB	Total
U.S. Treasury Obligations	N/A	\$ -	\$ 7,973,927	\$ -	\$ -	\$ 38,028,889
U.S. Government Sponsored Enterprise Securities	N/A	-	-	-	-	29,378,999
Corporate Notes	A	7,328,196	-	8,021,824	-	24,991,424
Money Market Mutual Funds	AAA	-	-	-	-	435,058
Asset Backed Securities	AA	-	-	-	-	5,030,227
California Local Agency Investment Fund	N/A	-	-	-	-	24,396,422
Supranational	AA	-	-	-	-	2,584,583
Municipal Bonds	N/A	-	-	-	-	865,575
Restricted Cash and Investments - Section 115 Trust						
U.S. Treasury Obligations	N/A	-	-	-	-	142,893
Corporate Bonds	BBB-	435,242	-	648,868	1,347,864	2,826,485
Money Market Mutual Funds	N/A	-	-	-	-	7,355,136
Restricted Cash and Investments with Fiscal Agents						
Money Market Mutual Funds	N/A	-	-	-	-	14,756,737
U.S. Treasury Obligations	N/A	-	-	-	-	423,704
<b>Total</b>		<b>\$ 7,763,438</b>	<b>\$ 7,973,927</b>	<b>\$ 8,670,692</b>	<b>\$ 1,347,864</b>	<b>\$ 151,216,132</b>

Certain investments in corporate notes that are currently rated A- were originally rated A or better upon the original purchase of the investments. The investment ratings were subsequent downgraded; however, the City has chosen to retain the investments to maturity.

#### Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City uses a third-party investment manager to manage their investments and has authority from City Council to execute purchases and sales of investments according to the parameters in their investment policy without the approval of management. Investments are held by another third-party custodian designated by the City.

### Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer. Investments in any one issuer that represents 5% or more of the total City's investments are as follows:

Issuer	Investment Type	Amount	% of Total Investments
Federal National Mortgage Association	U.S. Government Sponsored Enterprise	\$ 9,791,414	7.79%
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise	\$ 16,345,905	13.00%

### Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that at least 25% of the City's portfolio will mature in one year or less. The only allowable exception to these maturity limits will be the investment for the bond proceeds for the Reserve Fund and/or the Section 115 trust.

As of June 30, 2023, the City had the following investments and original maturities:

Investment Type	Investment Maturities (in Years)				Total
	12 months or less	13 to 24 Months	25 to 60 Months	More than 60 Months	
Investments held by City:					
U.S. Treasury Obligations	\$ 9,596,543	\$ 8,682,477	\$ 19,749,869	\$ -	\$ 38,028,889
U.S. Government Sponsored Enterprise Securities	-	13,827,119	15,551,880	-	29,378,999
Corporate Bonds	-	10,927,424	14,064,000	-	24,991,424
Money Market Mutual Funds	435,058	-	-	-	435,058
Asset Backed Securities	-	2,279,451	2,750,776	-	5,030,227
California Local Agency Investment Fund	24,396,422	-	-	-	24,396,422
Supranational	-	-	2,584,583	-	2,584,583
Municipal Bonds	-	865,575	-	-	865,575
Restricted Cash and Investments - Section 115 Trust:					
U.S. Treasury Obligations	-	-	-	142,893	142,893
Corporate Bonds	98,741	313,071	1,458,569	956,104	2,826,485
Money Market Mutual Funds	7,355,136	-	-	-	7,355,136
Restricted Cash and Investments with Fiscal Agents:					
Money Market Mutual Funds	14,756,737	-	-	-	14,756,737
U.S. Treasury Obligations	107,254	38,408	278,042	-	423,704
	<u>\$ 56,745,891</u>	<u>\$ 36,933,525</u>	<u>\$ 56,437,719</u>	<u>\$ 1,098,997</u>	<u>\$ 151,216,132</u>

### Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

When quoted prices in active market are available, investments are classified within Level 1. For investments classified within Level 2, the City's custodians generally use asset market prices derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, broker-dealer quotes and matrix pricing. The City does not have any investments classified with Level 3. Deposits and withdrawals in money market mutual funds and governmental investment pools, such as LAIF are made on the basis of \$1, but are recorded on an amortized cost basis which approximates fair value. Accordingly, the fair value measurement of these types of investments is based on an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The City has the following recurring fair value measurements as of June 30, 2023:

Investment Type	Totals	Investments not Subject to Hierarchy	Level		
			1	2	3
U.S. Treasury Obligations	\$ 38,028,889	\$ -	\$ -	\$ 38,028,889	\$ -
U.S. Government Sponsored Enterprise Securities	29,378,999	-	-	29,378,999	-
Corporate Bonds	24,991,424	-	-	24,991,424	-
Money Market Mutual Funds	435,058	435,058	-	-	-
Asset Backed Securities	5,030,227	-	-	5,030,227	-
California Local Agency Investment Fund	24,396,422	24,396,422	-	-	-
Supranational	2,584,583	-	-	2,584,583	-
Municipal Bonds	865,575	-	-	865,575	-
Restricted Cash and Investments - Section 115 Trust:					
U.S. Treasury Obligations	142,893	-	-	142,893	-
Corporate Bonds	2,826,485	-	-	2,826,485	-
Money Market Mutual Funds	7,355,136	7,355,136	-	-	-
Restricted Cash and Investments with Fiscal Agents					
Money Market Mutual Funds	14,756,737	14,756,737	-	-	-
U.S. Treasury Obligations	423,704	-	-	423,704	-
	<u>\$ 151,216,132</u>	<u>\$ 46,943,353</u>	<u>\$ -</u>	<u>\$ 104,272,779</u>	<u>\$ -</u>

#### Note 4 - California Domestic Water Company (CDWC)

The City purchases 94.8% of its water for the Water Enterprise fund operations through the California Domestic Water Company (CDWC). CDWC is a private mutual water company, organized as a not-for-profit under Section Code 501(c)(12), which provides water primarily to wholesale customers in east Whittier, La Habra and Brea. CDWC has a wholly owned subsidiary, Cadway Inc. (Cadway), which owns and leases certain water rights to CDWC. Both CDWC and Cadway participate in the Pellissier Co-Tenancy. Cadway is treated as a C Corporation for federal and state tax purposes.

Separately prepared consolidated financial statements of CDWC include both CDWC and Cadway, Inc., and may be obtained from the City.



The CDWC Rules and Regulations for Water Service (CDWC Rules and Regulations), which are adopted by the CDWC Board of Directors and last updated on June 7, 2019, describe how CDWC administers, processes and provides water service including sections outlining provisions for the ownership and entitlements of common Stock and Class A Preferred Stock shares. Additionally, this document outlines the provisions under which CDWC will deliver water based on shareholders ownership of prescriptive pumping rights in the Main San Gabriel Basin as well as excess water.

The City holds 1,502.72 acre feet of water rights in the Main San Gabriel Basin which are capitalized at cost, and reported as “water rights” within capital assets. Each year, these water rights are temporarily leased to CDWC in order for CDWC to deliver water to the City based on its ownership. For the year ended June 30, 2023, based on the limits set by the Main San Gabriel Basin Water Master, the City was able to purchase .758977 acre feet of water per acre foot of water rights owned, or 1,140.53 acre feet at a cost of \$307,528.

The City also holds 687.85 shares of Class A preferred stock which are reported at cost as “water rights” within capital assets. During December 2011, the City was issued 664.14 shares of preferred stock for \$8,141,812 to secure the City’s claim to the 664.10 acre feet of water rights from CDWC. During May 2013, the City was issued another 23.75 shares of preferred stock for \$302,592 to secure the City’s claim to another 23.75 acre feet of water rights from CDWC. This resulted in a total of 687.85 shares of preferred stock for a total of \$8,444,404 used to secure an equal amount of water delivered pursuant to water rights. There is an immaterial difference of 0.04 shares between the City’s records and CDWC records.

As a preferred stock shareholder in CDWC, the City is entitled to a certain number of acre feet of water based on the number of preferred stock shares owned and the operating safe yield in the basin. This water is purchased at the same cost as water purchased using water rights owned by the City. For the current fiscal year, the City was entitled to purchase .758977 acre feet of water per acre foot of water rights owned, or 522.06 acre feet at the common stock entitlement rate for a total cost of \$140,766.

In November 2022, the City purchased an additional 112 shares of CDWC common stock for \$15,250 per share for a total cost of \$1,708,000 to increase the City’s rights to access water.

As of June 30, 2023, the City holds 2,320.50 shares of Common Stock in the CDWC. The City values its common stock holdings using the equity method of investment as the City holds approximately 27.79% of the total shares outstanding. The City reported a decrease of \$134,662 as the change in equity for the year ended June 30, 2023. As a common stock shareholder in CDWC, the City is entitled to purchase a certain amount of water based on the number of common stock shares owned. For the year ended June 30, 2023, the City was entitled to purchase 1.45 acre feet of water per common stock share owned or 3,364.73 acre feet of at the common stock entitlement rate, for a total cost of \$1,297,124.

Additionally, the City leased 196.50 shares of common stock from other shareholders during the fiscal year. This entitled the City to purchase an additional 284.93 acre feet at the common stock entitlement rate for a total cost of \$109,842 for a combined total of \$1,406,966 at the common stock entitlement rate.

During the year ended June 30, 2023, the City also purchased 3,217.47 acre feet for \$3,642,576 from CDWC in excess of its entitlement. Other amounts paid to CDWC for the year ended June 30, 2023, including annual common stock assessments and readiness-to-serve charges totaled \$1,118,502.

During the year ended June 30, 2023, the City paid \$8,324,339 to CDWC for purchases of water during the year.

#### **Note 5 - Notes, Loans, and Deferred Loans Receivable**

Notes and loans receivable consist of rehabilitation loans made from Community Development Block Grant ("CDBG") and HOME grant funds to low income individuals that need assistance in rehabilitating their homes or mobile homes to meet current code standards. Amounts are due from the proceeds only upon the sale or transfer of the property. Loans made to mobile home owners are forgiven if the owner lives in the property 5 years or more. Repayments received by the City from homeowners are remitted to the County. Thus, the City has offset the notes and loans receivable balance with a liability due to other governments on the accompanying balance sheet. Additionally, the Affordable Housing Trust reports home buyer assistance loans to low and moderate income individuals to assist in purchasing a home. Homebuyer assistance loans repayment begins 5 years after the loan was originated, and is repaid over a 30 year period. Notes and loans receivable from each of these funds are comprised of the following at June 30, 2023:

CDBG	\$ 1,364,951
HOME Grant Funds	18,241
Affordable Housing Trust	<u>106,724</u>
Total notes and loans receivable in the non-major governmental funds	<u><u>\$ 1,489,916</u></u>

The City (through the former redevelopment agency) has made long term loans to various developers and organizations to stimulate low and moderate income housing projects and to low and moderate income individuals to rehabilitate their homes to meet current code standards or to assist them in purchasing a home. Some assistance given gave the City rights to receive "silent seconds" on property when sold to a low and moderate income individual. These "silent seconds" gave the City the right to a portion of the proceeds from the sale of the property. Collection terms of these loans vary and range from 5 years to 55 years. The majority of loans made to developers will be repaid from residual receipts and from monies earned on the property once they are built. Home buyer assistance loans begin repayment after 5 years and will be repaid over a 30-year period. For the remainder of loans and notes receivable, the City has classified fund balance as "restricted" indicating that these resources are not current available resources.

The outstanding balance of these notes and loans are reported in the Housing Successor Fund and are comprised of the following at June 30, 2023:

Home Buyer Assistance Loans	\$ 3,401,553
Rehabilitation Loans	92,959
Developer / Organization Loans:	
Acacia Apartments	1,302,270
Birch Hills Affordable Apartments	4,750,000
Bonterra Apartments	1,020,206
Imperial Apartments	2,853,000
La Habra Housing	597,814
South Walnut Bungalows	<u>826,000</u>
Total notes and loans receivable in the Housing Successor Fund	<u><u>\$ 14,843,802</u></u>

**Note 6 - Leases Receivables**

As of year-end June 30, 2023, the City had entered into various lease agreements as the lessor where it had leased its land and buildings, ranging from two years to 75 years. As of June 30, 2023, the outstanding leases receivable total \$5,563,013. These leases require the various lessees to make periodic payments to the City, and range in interest rates from 0.466% to 2.583%. The offsetting entry to the leases receivable is a Deferred Inflows and the value of the deferred inflows at June 30, 2023 is \$5,442,300. The City will be systematically recognizing revenue over the terms of the lease, and in the current fiscal year, the City recognized \$263,502 in lease principal and \$140,677 in interest. The City recognized \$321,272 in lease revenue during the fiscal year.

**Note 7 - Interfund Receivables, Payables, Advances and Transfers**

The composition of interfund balances as of June 30, 2023, is as follows:

**Due To/From Other Funds**

	<u>Due From Other Funds</u>
<u>Due to Other Funds</u>	<u>General Fund</u>
Non-major Governmental Funds	<u>\$ 173,222</u>
Total	<u><u>\$ 173,222</u></u>

The balances due among the General Fund and Non-major Governmental Funds for \$173,222 were related to CDBG having negative cash and represents a short-term cash flow borrowing between the General Fund and the Community Development Block Grant Fund (CDBG).

**Transfers In/Out from Other Funds**

Transfers Out	Transfers In					Total
	General Fund	Capital Improvements Fund	Non-Major Governmental Funds	Internal Service Funds	Non-Major Enterprise	
General Fund	\$ -	\$ 1,453,298	\$ 56,000	\$ 4,237,745	\$ 152,688	\$ 5,899,731
Capital Improvements Fund	-	-	-	-	49,245	49,245
Non-major Governmental Funds	450,000	2,177,550	-	-	-	2,627,550
Business-type Activities:						
Water Utility	-	1,872,739	-	-	-	1,872,739
Sewer Utility	-	54,440	-	-	-	54,440
Total	\$ 450,000	\$ 5,558,027	\$ 56,000	\$ 4,237,745	\$ 201,933	\$ 10,503,705

1. The General Fund transferred \$1,453,298 to the Capital Improvements Fund for various capital improvement program projects.
2. The General Fund transferred \$56,000 to the non-major Governmental funds for capital improvement projects.
3. The General Fund transferred \$4,237,745 to the Internal Service Funds for equipment and vehicle maintenance.
4. The General Fund transferred \$152,688 to the non-major enterprise funds to maintain sanitation funds capital reserve.
5. The non-major governmental funds transferred \$450,000 to the General Fund for the street maintenance program.
6. The Water Utility Fund transferred \$1,872,739 to the Capital Improvements Fund for various capital improvement program projects.
7. The Sewer Utility Fund transferred \$54,440 to the Capital Improvements Fund for various capital improvement program projects.
8. Non-major governmental funds transferred \$2,177,550 to the Capital Improvements Fund for various capital improvement program projects.
9. Capital Improvements Fund transferred \$49,245 to the non-major enterprise funds for various capital improvement program projects.

## Note 8 - Capital Assets

Summary of changes in capital assets for the for the year ended June 30, 2023, is as follows:

	Beginning Balance As Restated	Transfers	Additions	Disposals	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not depreciated					
Land	\$ 62,092,796	\$ -	\$ -	\$ -	\$ 62,092,796
Construction in progress	12,947,484	(3,266,589)	2,909,229	-	12,590,124
Total Capital Assets, Not Depreciated	75,040,280	(3,266,589)	2,909,229	-	74,682,920
Capital assets, being depreciated					
Structures and improvements	122,858,232	-	1,719,212	(414,524)	124,162,920
Equipment	21,396,043	-	2,448,765	(739,302)	23,105,506
Infrastructure	155,516,749	3,266,589	539,848	-	159,323,186
Total Capital Assets Being Depreciated	299,771,024	3,266,589	4,707,825	(1,153,826)	306,591,612
Less accumulated depreciation for					
Structures and improvements	(60,089,465)	-	(2,458,031)	160,895	(62,386,601)
Equipment	(15,604,219)	-	(850,918)	708,156	(15,746,981)
Infrastructure	(87,329,835)	-	(5,099,486)	-	(92,429,321)
Total Accumulated Depreciation	(163,023,519)	-	(8,408,435)	869,051	(170,562,903)
Right-to-use assets:					
Equipment	56,010	-	110,620	-	166,630
Subscription IT asset	246,357	-	84,746	-	331,103
Total Capital Assets Being Depreciated	302,367	-	195,366	-	497,733
Less accumulated amortization for					
Equipment	(28,691)	-	(2,451)	-	(31,142)
Subscription IT asset	-	-	(82,770)	-	(82,770)
Total Accumulated Amortization	(28,691)	-	(85,221)	-	(113,912)
Total Capital Assets Being Depreciated/Amortized, Net	137,021,181	3,266,589	(3,590,465)	(284,775)	136,412,530
Governmental Activities Capital Assets, Net	\$ 212,061,461	\$ -	\$ (681,236)	\$ (284,775)	\$ 211,095,450
<b>Business-Type Activities:</b>					
Capital assets, not depreciated					
Land	\$ 11,628,748	\$ -	\$ -	\$ -	\$ 11,628,748
Water rights - fee title	23,931,020	-	-	-	23,931,020
Water rights - preferred stock	8,444,404	-	-	-	8,444,404
Construction in progress	11,923,757	(7,324,692)	5,723,101	-	10,322,166
Total Capital Assets, not depreciated	55,927,929	(7,324,692)	5,723,101	-	54,326,338
Capital assets, being depreciated					
Structures and Improvements	4,651,539	-	-	-	4,651,539
Equipment	657,004	-	119,625	(5,865)	770,764
Infrastructure	139,629,277	7,324,692	3,579,633	-	150,533,602
Total Capital Assets Being Depreciated	144,937,820	7,324,692	3,699,258	(5,865)	155,955,905
Less accumulated depreciation for					
Structures and Improvements	(447,529)	-	(59,208)	-	(506,737)
Equipment	(435,666)	-	(57,844)	5,865	(487,645)
Infrastructure	(67,803,625)	-	(3,155,127)	-	(70,958,752)
Total Accumulated Depreciation	(68,686,820)	-	(3,272,179)	5,865	(71,953,134)
Total Capital Assets Being Depreciated, Net	76,251,000	7,324,692	427,079	-	84,002,771
Business-Type Activities Capital Assets, Net	\$ 132,178,929	\$ -	\$ 6,150,180	\$ -	\$ 138,329,109

The City has a total \$32,375,424 in water rights. As described in Note 4, \$8,444,404 of the water rights are held as Class A Preferred stock in California Domestic Water Company. The remaining \$23,931,020 of water rights are held in the name of the City. Combined, the rights held by the City allow the City to purchase 1,662.59 acre feet of water annually at a set rate of \$318.53 per acre foot. Refer to Note 4 for further details of transactions with California Domestic Water Company.

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

City	
General government	\$ 378,950
Public safety	660,853
Community services	492,486
Public works	<u>6,063,304</u>
Total city	<u>7,595,593</u>
Internal service	
Information technology	148,677
Vehicle maintenance	613,900
Building occupancy	<u>135,486</u>
Total internal service	<u>898,063</u>
Total governmental activities	<u><u>\$ 8,493,656</u></u>

Business-Type Activities:

Water utility	\$ 2,644,200
Sewer utility	546,627
Golf	80,914
Urban Runoff	<u>438</u>
Total business-type activities	<u><u>\$ 3,272,179</u></u>

## Note 9 - Long-Term Liabilities

### a. Governmental Activities Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2023, is noted below:

	(Restated) Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Lease Revenue Bonds					
2021 refunding lease revenue bonds	\$ 2,220,000	\$ -	\$ -	\$ 2,220,000	\$ -
Leases	27,080	111,620	(31,082)	107,618	38,080
Subscription IT liabilities	246,357	84,746	(103,864)	227,239	110,967
Compensated absences	2,858,363	2,118,596	(2,143,772)	2,833,187	2,124,890
Claims and judgments	5,287,092	1,844,589	(1,423,676)	5,708,005	1,940,722
Totals	<u>\$ 10,638,892</u>	<u>\$ 4,159,551</u>	<u>\$ (3,702,394)</u>	11,096,049	<u>\$ 4,214,659</u>
		Unamortized bond premium		<u>459,498</u>	
				<u>\$ 11,555,547</u>	

#### 2021 Refunding Lease Revenue Bonds

In July 2021, the Brea Public Financing Authority issued the 2021 Refunding Lease Revenue Bonds in the amount of \$2,220,000. The proceeds were used to refund the outstanding principal balance of the 2010 Lease Revenue Bonds and pay costs of issuance of the 2021 bonds. The bonds bear an interest rate of 4% and mature April 1, 2036. Installment payments are due annually beginning April 1, 2028, ranging from \$105,000 to \$455,000. The Bonds are payable from lease payments made by the City for the leasing of certain real property pursuant to the lease agreement dated July 1, 2021.

The debt service schedule of the 2021 Refunding Lease Revenue Bonds are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 88,800	\$ 88,800
2025	-	88,800	88,800
2026	-	88,800	88,800
2027	-	88,800	88,800
2028	335,000	88,800	423,800
2029-2033	1,455,000	228,000	1,683,000
2034-2038	<u>430,000</u>	<u>35,800</u>	<u>465,800</u>
Total	<u>\$ 2,220,000</u>	<u>\$ 707,800</u>	<u>\$ 2,927,800</u>

## Leases

As of year-end June 30, 2023, the City has entered into various lease agreements as the lessee for the use of various pieces of equipment, for terms of five years. As of June 30, 2023, the value of the lease liability is outstanding is \$107,618. The city is required to make monthly fixed payments, and these leases have interest rates ranging from 0.39% to 8.75%.

The future principal and interest lease payments as of June 30, 2023, were as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 38,080	\$ 2,656	\$ 40,736
2025	24,760	1,760	26,520
2026	17,456	1,161	18,617
2027	18,018	599	18,617
2028	9,304	90	9,394
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 107,618</u>	<u>\$ 6,266</u>	<u>\$ 113,884</u>

## Subscription Liabilities

Prior to the fiscal year ended June 30, 2023, the City entered into two SBITA contracts. During the fiscal year, the City entered into two additional SBITA contracts. The City is required to make principal and interest payments ranging from \$13,000 to \$57,947 through June 2025. The subscription liability was valued using discount rates between 2.194% - 2.796% based on the City's incremental borrowing rate at the inception of the subscriptions.

Remaining principal and interest payments on subscriptions are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 110,967	\$ 5,529	\$ 116,496
2025	116,272	2,828	119,100
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 227,239</u>	<u>\$ 8,357</u>	<u>\$ 235,596</u>



**b. Business-Type Activities Long-Term Liabilities**

A summary of changes in business-type activities long-term debt for the year ended June 30, 2023 is noted below:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Water Revenue Bonds					
2014 Water Revenue Bonds	\$ 1,270,000	\$ -	\$ (405,000)	\$ 865,000	\$ 420,000
2019 Water Revenue Bonds	21,810,000	-	(845,000)	20,965,000	890,000
2020 Water Revenue Bonds	17,595,000	-	(220,000)	17,375,000	220,000
Compensated absences	292,980	223,442	(219,734)	296,688	222,515
Totals	<u>\$ 40,967,980</u>	<u>\$ 223,442</u>	<u>\$ (1,689,734)</u>	39,501,688	<u>\$ 1,752,515</u>
		Unamortized bond premium		3,254,196	
				<u>\$ 42,755,884</u>	

**Water Revenue Bonds**

2014 Water Revenue Bonds

In August 2014, the Brea Community Benefit Financing Authority issued \$18,555,000 of 2014 Water Revenue Bonds. The proceeds were used to repay interfund loans made by the City of Brea to its Water Utility Fund from other available funds for the purchase of water rights completed in May 2014 for the benefit of the City's water system. Proceeds were also used to pay cost of issuance expenses.

The bonds consisted of \$9,440,000 serial bonds maturing in the years 2015 to 2034, payable July 1 in annual installments of \$255,000 to \$700,000 and bear interest at 3.25% to 5.00%. Bonds maturing July 1, 2039, in the amount of \$4,005,000 are term bonds and bear interest at 5.00%. Bonds maturing July 1, 2044, in the amount of \$5,110,000 are term bonds and bear interest at 5.00%. The 2014 Water Revenue Bonds were partially refunded by the 2020 Water Revenue Refunding Bonds. The outstanding balance at June 30, 2023, was \$865,000.

2019 Water Revenue Refunding Bonds

In August 2019, the City of Brea issued \$23,475,000 of 2019 Water Revenue Refunding Bonds with interest rates ranging from 3.0% to 4.0%. The proceeds from the bonds were used to current refund all of the remaining outstanding 2009 Water Revenue Bonds and advance refund 2010 Series B Water Revenue Bonds. Interest on the Water Revenue Refunding Bonds is payable semi-annually on July 1 and January 1 of each year until 2039. Principal matures annually on July 1. The outstanding balance at June 30, 2023, was \$20,965,000.

### 2020 Water Revenue Refunding Bonds

In October 2020, the City of Brea issued \$17,960,000 of 2020 Water Revenue Refunding Bonds with interest rates ranging from 0.391%% to 3.212%. The proceeds from the bonds were used to current refund a portion of the remaining outstanding 2014 Water Revenue Bonds. Interest on the Water Revenue Refunding Bonds is payable semi-annually on July 1 and January 1 of each year until 2044. Principal matures annually on July 1 in amounts ranging from \$220,000 to \$1,090,000. The net proceeds of \$17,864,812 (including an underwriter's discount of \$95,188) were deposited in an irrevocable trust with an escrow agent to provide funds to refund the 2014 bonds in full and to provide funds for the future debt service payment on the 2014 bonds. As a result, the 2014 bonds are partially defeased, and the liability for those bonds has been removed from the statement of net position. The outstanding balance at June 30, 2023 was \$17,375,000.

### Water Revenue Bonds Debt Coverage Requirement

The City has covenanted that gross revenues (including interest revenue and connection fees), less operation and maintenance costs as defined in the bond document, shall be at least 1.25 times the sum of all debt service on all parity obligations. Gross revenues for the year ended June 30, 2023, were \$20,261,496. Operation and maintenance costs for the year ended June 30, 2023, were \$12,228,384, excluding depreciation. Total debt service for the fiscal year ended was \$2,862,488. This resulted in a debt coverage ratio of 2.78 for the year ended June 30, 2023.

### **Pledged Revenues**

Future net revenues of the Water Utility Fund for each year's debt service payment are pledged until the extinguishment of the debt in 2044 and are not available for other uses. Remaining principal and interest payments on this debt as of June 30, 2023 was \$52,693,978.

The debt service schedules of these Water Revenue Bonds are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,530,000	\$ 1,333,505	\$ 2,863,505
2025	1,615,000	1,264,292	2,879,292
2026	1,700,000	1,199,946	2,899,946
2027	1,770,000	1,139,925	2,909,925
2028	1,850,000	1,074,515	2,924,515
2029-2033	10,450,000	4,275,353	14,725,353
2034-2038	11,325,000	2,337,375	13,662,375
2039-2043	6,820,000	794,607	7,614,607
2044-2047	2,145,000	69,460	2,214,460
Total	<u>\$ 39,205,000</u>	<u>\$ 13,488,978</u>	<u>\$ 52,693,978</u>

**c. Compensated Absences**

The Governmental Activities' liability, at June 30, 2023, will be paid in future years from the General Fund, Vehicle Maintenance Fund, and Building Occupancy Fund in amounts of \$2,730,067, \$39,599, and \$63,521 respectively. The Business-Type Activities liability at June 30, 2023 will be paid in future years from the enterprise funds. Total compensated absences at June 30, 2023, were \$296,688.

**d. Debt Without Government Commitment**

**Assessment District Bonds**

The special assessment bonds are secured by valid assessment liens upon certain lands within the special assessment district and are not direct liabilities of the City and, accordingly, are not included in the accompanying general purpose financial statements. The City has no obligation beyond the balances in the designated custodial funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the full faith and credit nor taxing power of the City is pledged to the payment of the bonds. The City acts solely as an agent for those paying assessments and for the bondholders.

In November 2017, the City of Brea issued on behalf of the Community Facilities District No. 2008-2 (Brea Plaza Area Public Improvements) \$8,555,000 aggregate principal of 2017 Special Tax Refunding Bonds to advance refund in full the Community Facilities District No. 2008-2 (Brea Plaza Area Public Improvements) 2009 Special Tax Bonds. The bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from the proceeds of an annual special tax levied on property within the District. The bonds mature from 2018 to 2039, with remaining annual installments ranging from \$255,000 to \$575,000. The remaining interest rates on the bonds range from 2.000% to 4.000%. The outstanding balance at June 30, 2023, was \$7,280,000.

In August 2019, the Brea Public Financing Authority issued Local Agency Revenue Refunding Bonds, Series 2019, in the amount of \$6,820,000, for and on behalf of the City of Brea Community Facilities District No. 1997-1 (Olinda Heights Public Improvements). The purpose of the bonds is to acquire two series of bonds: (i) \$2,505,000 aggregate principal amount to be issued by the City of Brea for the Communities Facilities District No. 1997-1; and (ii) \$4,315,000 aggregate principal amount 2019 Special Tax Refunding Bonds to be issued by the Brea Olinda Unified School District for the Brea Olinda Unified School District Community Facilities District No. 95-1 (Olinda Heights). A portion of the proceeds was for a current refunding of the 2005 Series A Local Agency Revenue Bonds. The bonds mature from 2020 to 2035, with remaining annual installments ranging from \$215,000 to \$680,000 per year. The interest rates on the bonds range from 4.000% to 5.000%. The outstanding balance at June 30, 2023 was \$5,355,000.

## Note 10 - Defined Benefit Pension Plan

### a. CalPERS Safety and Miscellaneous Employees' Plans

The City contributes to the pension plans offered by the California Public Employees Retirement System (PERS). The City's employees participate in separate cost-sharing Safety (police and fire) and Miscellaneous (agent-multiple employer) defined benefit pension plans. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

### b. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Miscellaneous Plan		
	Tier 1*	Tier 2	PEPRA (Tier 3)
Hire date	Prior to September 17, 1999	September 17, 1999 to December 31, 2012 and Non-PEPRA hired on or after January 1, 2013	January 1, 2013 and after
Benefit formula	2.0% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 years	minimum 50 years	minimum 52 years
Monthly benefits, as a % of eligible compensation	1.426% - 2.418% 50 yrs - 63 years, respectively	1.426% - 2.418% 50 yrs - 63 years, respectively	1.000% - 2.500% 52 yrs - 67+ yrs, respectively
Required employee contribution rates	6.790%	6.790%	6.250%
Required employer contribution rates	8.560%	8.560%	6.326%

\* Closed to new entrants

**c. Employees Covered**

At the June 30, 2021 valuation, the following employees were covered by the benefit terms of the Miscellaneous Plan:

	<u>Miscellaneous Plan</u>
Inactive employees or beneficiaries currently receiving benefits	350
Inactive employees entitled to not yet receiving benefits	292
Active employees	<u>181</u>
	<u><u>823</u></u>

**d. Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The employer contributions to the Miscellaneous Plan during the year ended June 30, 2023 was \$4,086,520.

**e. Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

The Miscellaneous Plan's total pension liability in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Age and Service
Payroll Growth	3.00%
Investment Rate of Return	6.9% Net of Pension Plan Investment includes Inflation.
Mortality Table**	Derived using CalPERS' Membership Data for all Funds

\*\*The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using MP-2020 Scale BB published by the Society of Actuaries.

Changes of assumptions - In measurement year ended June 30, 2022, CalPERS updated the discount rate to 6.90 percent from 7.15 percent and the inflation rate to 2.30 percent from 2.50 percent.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

These geometric rates of return net of administrative expenses are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return <sup>(1), (2)</sup>
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-Cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

#### **f. Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 6.90% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained at CalPERS' website.

**g. Changes in the Net Pension Liability**

The changes in Net Pension Liability for the Miscellaneous Plan follows:

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022	\$ 160,343,139	\$ 136,880,188	\$ 23,462,951
Changes in the year:			
Service cost	2,507,756	-	2,507,756
Interest on the total pension liability	11,062,559	-	11,062,559
Changes in assumptions	4,989,438	-	4,989,438
Differences between expected and actual experience	(1,925,595)	-	(1,925,595)
Contribution - employer	-	4,491,118	(4,491,118)
Contribution - employee	-	1,028,136	(1,028,136)
Net investment income	-	(10,262,883)	10,262,883
Benefit payments, including refunds of employee contributions	(8,667,849)	(8,667,849)	-
Administrative expense	-	(85,268)	85,268
Net changes	7,966,309	(13,496,746)	21,463,055
Balance at June 30, 2023	\$ 168,309,448	\$ 123,383,442	\$ 44,926,006

**h. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.90%) or 1% point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Miscellaneous Plan's net pension liability	\$ 66,771,209	\$ 44,926,006	\$ 26,842,572

Detailed information about the Miscellaneous Plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

**i. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2023, the City recognized pension expense of (\$4,968,483) for the Miscellaneous Plan. As of June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Miscellaneous Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made after the measurement date	\$ 4,086,520	\$ -
Difference between expected and actual experience	38,363	(1,123,264)
Changes in assumptions	2,910,505	-
Net difference between projected and actual earnings on pension plan investments	<u>6,095,580</u>	<u>-</u>
Miscellaneous Plan Total	<u>\$ 13,130,968</u>	<u>\$ (1,123,264)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources are amortized in pension expense for the year the gain or loss occurs, except for contributions subsequent to the measurement period of \$4,086,520 for the Miscellaneous Plan, which will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2024. The amortization period differs depending on the source of the gain or loss. Differences between projected and actual investment earnings are amortized on a 5-year straight-line basis and all other amounts are amortized over the average expected remaining service lives of all members that are provided with benefits. As of the June 30, 2022 measurement date, the expected average remaining service lifetime is 2.4 years for the Miscellaneous Plan. Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Miscellaneous Plan Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 2,271,163
2025	1,345,353
2026	387,274
2027	<u>3,917,394</u>
Total	<u>\$ 7,921,184</u>

Beginning in the measurement period ended June 30, 2021, the City's Safety Plan was converted from an agent multiple-employer defined benefit plan to the cost-sharing defined benefit plan.



The Safety Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Safety Plan			
	Tier 1*	Tier 2*	Tier 3	PEPRA (Tier 4)
Hire date	Prior to June 30, 1984	On June 30, 1984 and prior to September 17, 2011	September 17, 2011 to December 31, 2012 and Non-PEPRA hired on or after January 1, 2013	January 1, 2013 and after
Benefit formula	3.0% @ 50	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 years	minimum 50 years	minimum 50 years	minimum 50 years
Monthly benefits, as a % of eligible compensation	3.0%	3.0%	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	8.990%	8.990%	8.990%	13.000%
Required employer contribution rates	18.320%	18.320%	18.320%	18.320%

\* Closed to new entrants

#### j. Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The employer contributions to the Safety Plan during the year ended June 30, 2023 was \$11,215,589.

#### k. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, based on the measurement date of June 30, 2022, the City reported a net pension liability of \$112,689,685 for its proportionate share of the PERF C Cost Sharing Plan.

The City's net pension liability is measured as the proportionate share of net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022. The City's proportion of the net pension liability based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the PERF C Cost Sharing Plan measured as of June 30, 2022 and 2023 was 2.10283% and 1.63994%, respectively.

For the year ended June 30, 2023, the City recognized pension expense of \$12,122,724 for the Safety Plan. As of June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Safety Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made after the measurement date	\$ 11,215,589	\$ -
Changes of assumptions	11,362,532	-
Difference between expected and actual experience	4,663,817	(1,223,721)
Change in employer's proportion	40,589,594	(1,604,730)
Differences between employer's contributions and proportionate share of contributions	-	(3,035,201)
Net difference between projected and actual investments Earnings	17,795,276	-
Safety Plan Total	<u>\$ 85,626,808</u>	<u>\$ (5,863,652)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources are amortized in pension expense for the year the gain or loss occurs, except for contributions subsequent to the measurement period of \$11,215,589, which will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2024. The amortization period differs depending on the source of the gain or loss. Differences between projected and actual investment earnings are amortized on a 5-year straight-line basis and all other amounts are amortized over the average expected remaining service lives of all members that are provided with benefits. As of the June 30, 2022 measurement date, the expected average remaining service lifetime is 3.7 years for the Safety Plan. Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Safety Plan Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 31,867,661
2025	22,713,620
2026	3,110,940
2027	10,855,346
Total	<u>\$ 68,547,567</u>

**I. Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

The Safety Plan's total pension liability in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	<u>Safety</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Age and Service
Payroll Growth	3.00%
Investment Rate of Return	6.90% Net of Pension Plan Investment includes Inflation.
Mortality Table**	Derived using CalPERS' Membership Data for all Funds

\*\*The probabilities of mortality are based on the 2019 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using MP-2020 Scale BB published by the Society of Actuaries.

Changes of assumptions - In measurement year ended June 30, 2022, CalPERS updated the discount rate to 6.90% from 7.15% and the inflation rate to 2.30% from 2.50%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return <sup>(1), (2)</sup>
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-Cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

**m. Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, Safety Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Safety Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 6.90% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained at CalPERS' website.

**n. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability for the Safety Plan, calculated using the discount rate of 6.90%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 - percentage point lower or 1 - percentage point higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	<u>\$ 155,170,134</u>	<u>\$ 112,689,685</u>	<u>\$ 77,971,514</u>

**o. Summary of Miscellaneous Plan and Safety Plan Amounts**

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expenses
Miscellaneous Plan	\$ 44,926,006	\$ 13,130,968	\$ (1,123,264)	\$ 4,968,483
Safety Plan	<u>112,689,685</u>	<u>85,626,808</u>	<u>(5,863,652)</u>	<u>12,122,724</u>
Total	<u>\$ 157,615,691</u>	<u>\$ 98,757,776</u>	<u>\$ (6,986,916)</u>	<u>\$ 17,091,207</u>

**p. Subsequent Events for CalPERS Pension Plans**

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

## **Note 11 - Other Post-Employment Benefits**

### **a. Plan Description**

In addition to providing pension benefits, the City provides medical insurance for certain employees after they separate from the City, through a single-employer defined benefit plan (Plan) as provided under the City's contractual agreements with members from each bargaining unit. Members who retire from the City on or after attaining the age of 50 with at least five years of service are eligible for these benefits. A separate annual financial report is not issued. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

### **b. Benefits Provided**

The City funds retiree healthcare benefits on a pay-as-you-go basis, paying a maximum of \$350 per month for each retirees' benefits from City funds as they are due with no pre-funding for future years. The City recognizes expenditures for its share of the annual premiums as these benefits become due.

### **c. Employees Covered by Benefit Terms**

At June 30, 2021, the most recent valuation date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	284
Inactive employees or beneficiaries currently receiving benefits	246
Inactive employees entitled to, but not yet receiving benefits	93
	<hr/>
Total	<u>623</u>

### **d. Total OPEB Liability**

The City's total OPEB liability of \$24,806,583 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021. A summary of principal assumptions and methods used to determine the net pension liability is shown on the next page.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.54%
Inflation	2.50%
Payroll Growth	2.75%
Mortality	(1)
Healthcare Trend Rate	Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.6% for 2023, decreasing to an ultimate rate of 3.75% in 2076 4% annually
PEMHCA	Actives: 77% decreasing to 60% over 20 years
Participation at Retirement	Retirees: 100% if covered, 5% re-elect at age 65 if waived and under age 65

(1) Derived using CalPERS 2000-2019 Experience Study.

The discount rate was based on the index provided by Bond Buyer 20-Bond General Obligation Index based on the 20 year AA municipal bond rate as of June 30, 2022.

**e. Changes of Assumptions**

For the June 30, 2022 measurement date, the discount rate was changed from 2.16% to 3.54%.

**f. Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 29,180,581</u>
Changes in the year:	
Service Cost	994,959
Interest	638,376
Changes in assumptions	(4,765,135)
Benefit payments, including refunds of employee contributions	<u>(1,242,198)</u>
Net changes	<u>(4,373,998)</u>
Balance at June 30, 2023	<u><u>\$ 24,806,583</u></u>

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.54%) or 1 percentage-point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 28,116,478	\$ 24,806,583	\$ 22,106,189

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.50/4.65 to 2.75%)	Healthcare Cost Trend Rate	1% Increase (7.50/6.65 to 4.75%)
Total OPEB Liability	\$ 23,061,089	\$ 24,806,583	\$ 27,576,683

**g. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the City recognized OPEB expense of \$690,584. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Amounts paid by the employer for OPEB as the benefits come due subsequent to the measurement date	\$ 1,278,009	\$ -
Changes in assumptions	2,736,523	4,945,690
Differences between actual and expected experience	-	1,182,805
Total	\$ 4,014,532	\$ 6,128,495

\$1,278,009 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense on the next page as follows:

Year ended June 30,	Amortization
2024	\$ (627,427)
2025	(429,975)
2026	(278,734)
2027	(1,019,859)
2028	(809,068)
Thereafter	(226,909)
Total	\$ (3,391,972)

**Note 12 - Self-Insurance Program**



The City is a member of the California Insurance Pool Authority (CIPA). CIPA, a consortium of 11 cities in Los Angeles County and Orange County, California, was established to pool resources, share risks, purchase excess insurance and to share costs for professional risk management and claims administration.

At June 30, 2023, the City was self-insured for workers' compensation up to \$400,000 per occurrence and general liability and auto liability insurance up to \$350,000 per occurrence. The coverage for general and auto liability extends to \$20,000,000 per occurrence with a \$20,000,000 annual pooled aggregate. Member agencies may be assessed the difference between funds available and the \$20,000,000 annual pooled aggregate in proportion to their annual premium. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

At June 30, 2023, \$5,708,005 has been accrued for general liability and workers' compensation claims in the Risk Management Internal Service Fund. These amounts represent estimates of amounts to be paid for reported claims and incurred but not yet reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2023, is dependent on future developments, based upon information from the City Attorney, the City's claims administrators and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses. During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage.

Changes in the claims liability amounted to the following for the years ended June 30:

Claims and judgements at June 30, 2021	\$ 5,308,431
Claims payments	(1,741,548)
Claims incurred and changes in estimates	<u>1,720,209</u>
Claims and judgments at June 30, 2022	5,287,092
Claims payments	(1,804,924)
Claims incurred and changes in estimates	<u>2,225,837</u>
Claims and judgments at June 30, 2023	<u><u>\$ 5,708,005</u></u>

### Note 13 - Fund Balance Classifications

Fund balances in the governmental funds as of June 30, 2023, have been classified as follows:

	General	Special Revenue Fund Housing Successor	Capital Projects Fund Capital Improvements	Non-major Governmental Funds	Total
<b>Nonspendable</b>					
Prepaid items	\$ 60	\$ -	\$ -	\$ -	\$ 60
Total nonspendable	60	-	-	-	60
<b>Restricted</b>					
Prop 172	749,814	-	-	-	749,814
COPS	128,047	-	-	-	128,047
Lighting and maintenance districts	369,456	-	-	-	369,456
Low and moderate income housing asset	-	20,107,217	-	-	20,107,217
Gas tax	-	-	-	3,998,183	3,998,183
Narcotic enforcement asset seizure	-	-	-	471,250	471,250
Air quality improvement	-	-	-	170,374	170,374
Park development	-	-	-	2,349,600	2,349,600
Measure M	-	-	-	1,762,585	1,762,585
Affordable housing trust	-	-	-	3,376,204	3,376,204
Blackstone CFD	-	-	-	2,144,453	2,144,453
La Floresta CFD	-	-	-	347,933	347,933
Taylor-Morrison CFD	-	-	-	103,197	103,197
Central Park Village CFD	-	-	-	131,127	131,127
Capital and mitigation improvement	-	-	-	3,738,967	3,738,967
Storm drain	-	-	-	340,045	340,045
Capital projects	-	-	6,210,891	-	6,210,891
Pension stabilization	9,387,650	-	-	-	9,387,650
Total restricted	10,634,967	20,107,217	6,210,891	18,933,918	55,886,993
<b>Committed</b>					
General Plan maintenance fee	1,428,715	-	-	-	1,428,715
Brea War Memorial	14,953	-	-	-	14,953
Total committed	1,443,668	-	-	-	1,443,668
<b>Assigned to</b>					
Community Benefit and Economic Development	6,148,566	-	-	-	6,148,566
OPEB fund	436,432	-	-	-	436,432
Community center	1,046,641	-	-	-	1,046,641
Capital asset replacement	4,001,836	-	-	-	4,001,836
Total assigned	11,633,475	-	-	-	11,633,475
<b>Unassigned</b>					
General Fund	29,344,926	-	-	-	29,344,926
Non-major Governmental Funds (deficit)	-	-	-	(177,705)	(177,705)
Total assigned	29,344,926	-	-	(177,705)	29,167,221
<b>Total</b>	<b>\$ 53,057,096</b>	<b>\$ 20,107,217</b>	<b>\$ 6,210,891</b>	<b>\$ 18,756,213</b>	<b>\$ 98,131,417</b>

#### **Note 14 - Construction and Other Significant Commitments**

The following material construction and other significant commitments existed at June 30, 2023:

Project Name	Contract Amount	Expenditures to date as of June 30, 2023	Remaining Commitments
Capital Improvements Fund:			
57 Freeway & Lambert Road Interchange Improvement Project	\$ 10,943,899	\$ 1,946,513	\$ 8,997,386
Country Hills Pavement & Water	9,148,376	6,054,467	3,093,909
Pleasant Hill Water Improvements	2,217,426	2,122,144	95,282
South Brea Water Main Replacement	2,245,999	2,218,893	27,106
Emergency Message Signage	654,876	20,717	634,159
Citywide Sewer Improvements	343,130	134,077	209,053
Booster Station No. 2 & 3	1,067,263	14,509	1,052,754
Valencia Reservoir Repainting	1,064,522	52	1,064,470
Booster Pump Enclosure & Restroom	2,528,947	234,921	2,294,026
Tracks Expansion Study	6,619,931	61,649	6,558,282
Arovista Park Modernization	10,833,000	906,713	9,926,287
Total	<u>\$ 47,667,369</u>	<u>\$ 13,714,655</u>	<u>\$ 33,952,714</u>

#### **Note 15 - Contingencies**

The City is a defendant in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

The City incurs various costs under federal and state grant reimbursement programs and records the related revenue and receivables for grant claims. Such grant claims are subject to final audit by federal and state agencies.

#### **Note 16 - Jointly Governed Organizations**

##### Orange County City Managers Association (OCCMA)

The City is a member of the Orange County City Managers Association (OCCMA). OCCMA is an organization that provides a platform for City Managers to learn best practices, collaborate and share ideas. The City was appointed to serve as Treasurer and assumed administrative responsibilities of OCCMA. Therefore, OCCMA activities are reported as a custodial fund of the City. For the fiscal year ended June 30, 2023, the City received \$2,100 for assisting with Treasury functions.

North Orange County Public Safety Collaboration (NOC)

The City is a member of the North Orange County Public Safety Collaborative (NOC), along with 11 other cities. The NOC was established to spend state funds in accordance with Assembly Bill (AB) 97, an act of the State Legislature to address youth violence prevention and intervention in K-12 schools; promote and enhance the successful reentry of offenders into the community and to address homeless outreach and intervention efforts. Beginning July 1, 2022, the City was appointed as the fiscal agent for the \$8,000,000 grant to continue the NOC efforts through June 30, 2026, of which, the City receives \$800,000 for grant administration during the grant period.

Integrated Law and Justice Agency of Orange County (ILJAO)

The City is a member of the Integrated Law and Justice Agency of Orange County (ILJAO), along with 24 other cities and local law enforcement agencies. The purpose of ILJAO is to facilitate and share criminal justice information and data among the member agencies. The Agency has a twelve-member Board of Directors. The City was appointed to serve as Treasurer/Controller and assumed administrative responsibilities of ILJAO. Therefore, the activities of ILJAO are reported as a custodial fund of the City. During the year ended June 30, 2023, the City paid \$67,756 to ILJAO for its share of operating and replacement costs. Separately prepared financial statements for ILJAO are available on the City's website.

**Note 17 - Successor Agency of the Former Redevelopment Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On August 25, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2011-085.

Each year, the successor agency is allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full, and all assets have been liquidated.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private purpose trust fund) in the financial statements of the City.

**a. Cash and investments**

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

Cash and investments	\$ 368,117
Cash and investments with fiscal agents	12,306,246
	<u>\$ 12,674,363</u>

**b. Long-Term Debt**

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2023, follows:

	Beginning Balance	Accretion	Repayments	Ending Balance	Due Within One Year
Tax Allocation Bonds					
2003 Tax Allocation Bonds	\$ 15,461,669	\$ 810,644	\$ -	\$ 16,272,313	\$ -
2013 Tax Allocation Bonds	36,510,000	-	(8,595,000)	27,915,000	7,150,000
2016 Tax Allocation Bonds Series A	5,385,000	-	(1,025,000)	4,360,000	1,055,000
2016 Tax Allocation Bonds Series B	795,000	-	(150,000)	645,000	155,000
2017 Tax Allocation Bonds Series A	34,684,807	469,811	(50,000)	35,104,618	1,515,000
2017 Tax Allocation Bonds Series B	11,445,000	-	(490,000)	10,955,000	845,000
Subtotal	<u>\$ 104,281,476</u>	<u>\$ 1,280,455</u>	<u>\$ (10,310,000)</u>	95,251,931	<u>\$ 10,720,000</u>
			Unamortized bond discounts and premiums	4,723,812	
Total				<u>\$ 99,975,743</u>	

**Tax Allocation Bonds**

2003 Tax Allocation Bonds

In July 2003, the former Brea Redevelopment Agency issued \$120,497,866 principal amount of 2003 Redevelopment Project AB Tax Allocation Bonds. The proceeds were used to: 1) current refund the Brea Redevelopment Agency 1993 Tax Allocation Refunding Bonds, 2) pay the costs of additional redevelopment activities with respect to Project Area AB, 3) pay the cost of a reserve fund security instrument, and 4) pay costs of issuance related to the bonds.

Bonds in the years 2014 to 2026 are current interest bonds payable with no annual installments, while bonds maturing in the years 2028 to 2030 are capital appreciation bonds payable August 1 in annual installments of \$2,151,714 to \$1,801,707. Bonds maturing in the years 2027, 2031 and 2032, in the amount of \$16,475,000 are term bonds.

The current interest bonds bear interest at 4.450% due February 1 and August 1, of each year. The term bonds bear interest at 4.45% and are due August 1, 2032. The capital appreciation bonds have a face value of \$22,640,000. By their nature, there is no regular interest payments associated with capital appreciation bonds. The "interest" on the debt results from the difference between the amounts paid by the investors when the debt was issued and the significantly larger value at maturity. The \$22,640,000 of face value capital appreciation bonds were initially recorded at the amount of proceeds received, \$5,987,866. Each year, the outstanding balance is increased for the accretion of interest associated with the bonds.

A financial guaranty insurance policy has been issued and, accordingly, no cash reserve balance is required. Bond payments are secured by a first pledge on all of the tax revenues on parity with the 2013 and 2017 bonds.

In November 2017, the Successor Agency issued 2017 Tax Allocation Refunding Bonds, Series A of which a portion of the proceeds was used to redeem the term bonds portion of the outstanding balance of the 2003 Tax Allocation Bonds. Upon issuance of the 2017 A Bonds, a portion of the sale proceeds was transferred to the 2003 Escrow fund. On the redemption date, moneys deposited in the escrow fund were used to pay the redemption price for the refunded bonds totaling \$16,475,000. As a result, except for the capital appreciation bonds, the liability for the term bonds has been removed. The outstanding balance of the capital appreciation bonds at June 30, 2023, was \$16,272,313.

#### 2013 Tax Allocation Refunding Bonds

In December 2013, the Successor Agency to the Brea Redevelopment Agency issued its \$96,620,000 Successor Agency to the Brea Redevelopment Agency Redevelopment Project AB 2013 Tax Allocation Refunding Bonds to refund the outstanding balance of the Brea Redevelopment Agency 2001 Tax Allocation Refunding Bonds, Series A in the amount of \$36,205,000 and to refund the current interest bonds and term bonds outstanding of the 2003 Tax Allocation Bonds in the amount of \$68,390,000. Upon issuance of the 2013 Bonds, a portion of the sale proceeds of the 2013 Bonds was transferred to the 2001A Escrow Fund and to the 2003 Escrow Fund. On the Redemption Date, moneys deposited in the Escrow Funds were used to pay the redemption price for the Refunded Bonds.

Bonds maturing in the years 2014 to 2026 are payable in August 1, of each year with remaining principal retirements ranging from \$1,500,000 to \$7,150,000. The remaining interest rates on the bonds is between 3.50% to 5.00%.

A financial guaranty insurance policy has been issued and, accordingly, no cash reserve balance is required. Bond payments are secured by a first pledge on all tax revenues on parity with the 2003 and 2017 Tax Allocation Bonds. The outstanding balance at June 30, 2023, was \$27,915,000.

#### 2016 Tax Allocation Refunding Bonds, Series A and B

In November 2016, the Successor Agency to the Brea Redevelopment Agency issued its 2016 Tax Exempt Tax Allocation Refunding Bonds, Series A and 2016 Taxable Tax Allocation Refunding Bonds, Series B in the amount of \$10,425,000 and \$1,540,000 respectively. The proceeds of the bonds were used to currently refund the Public Financing Authority's outstanding 2008 Tax Exempt Tax Allocation Revenue Bonds, Series A in the amount of \$12,260,000 and to advance refund the outstanding 2008 Tax Allocation Revenue Bonds, Series B in the amount of \$1,450,000.

The Series A Serial Bonds totaling \$10,425,000 have remaining principal repayments ranging from \$1,055,000 to \$1,120,000 with interest rates ranging from 2.00% to 4.00%.

The outstanding balance at June 30, 2023 was \$4,360,000.

The Series B Serial Bonds totaling \$1,540,000 have remaining principal repayment ranging from \$155,000 to \$165,000 with interest rates ranging from 1.25% to 4.00%.

The outstanding balance at June 30, 2023 was \$645,000.

A financial guaranty insurance policy has been issued and, accordingly, no cash reserve balance is required.

#### 2017 Tax Allocation Refunding Bonds, Series A and B

In November 2017, the Successor Agency to the to the Brea Redevelopment Agency issued its 2017 Tax Exempt Tax Allocation Refunding Bonds, Series A and 2017 Taxable Tax Allocation Refunding Bonds, Series B in the amount of \$32,838,802 and \$13,070,000 respectively. The proceeds of the bonds were used to currently refund the term bonds portion of the former Brea Redevelopment Agency 2003 Tax Allocation Bonds in the amount of \$16,475,000 and to advance refund the former Brea Redevelopment Agency's outstanding 2011 Tax Exempt Tax Allocation Bonds, Series A in the amount of \$27,019,865 and 2011 Taxable Tax Allocation Bonds, Series B in the amount of \$9,940,000.

The Series A Serial Bonds totaling \$19,315,000 have principal repayments ranging from \$50,000 to \$6,665,000 with interest rates at 5.000% for all bonds.

The Series A Convertible Capital Appreciation Bonds have a face value of \$16,080,000. By their nature, there are no regular interest payments associated with capital appreciation bonds. The "interest" on the debt results from the difference between the amounts paid by the investors when the debt was issued and the significantly larger value at maturity. The \$16,080,000 of face value capital appreciation bonds were initially recorded at the amount of proceeds received, \$13,523,802. Each year, the outstanding balance is increased for the accretion of interest associated with the bonds.

The outstanding balance of the Series A Bonds at June 30, 2023 was \$35,104,618.

The Series B Serial Bonds totaling \$9,330,000 have principal repayments ranging from \$385,000 to \$1,795,000 with interest rates ranging from 1.500% to 3.000%.

The Series B Term Bonds totaling \$3,740,000 have payments due in 2032 for \$2,665,000 with interest at 3.375% and in 2036 for \$1,075,000 with interest at 3.625%.

The outstanding balance of the Series B Bonds at June 30, 2023 was \$10,955,000.

A financial guaranty insurance policy has been issued and, accordingly, no cash reserve balance is required.

Bond payments are secured by a first pledge on all tax revenues on parity with the 2003 and 2013 bonds.

The debt service schedules of these Tax Allocation Bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,720,000	\$ 2,904,388	\$ 13,624,388
2025	10,339,534	2,872,660	13,212,194
2026	10,795,000	2,412,157	13,207,157
2027	9,890,000	1,988,538	11,878,538
2028	8,100,000	1,597,563	9,697,563
2029-2033	32,008,213	12,957,437	44,965,650
2034-2037	13,399,184	2,558,284	15,957,468
Total	<u>\$ 95,251,931</u>	<u>\$ 27,291,027</u>	<u>\$ 122,542,958</u>

#### **Pledged Revenues – Tax Allocation Bonds**

The Successor Agency pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill X1 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency.

Total principal and interest remaining on the debt is \$122,542,958, with annual debt service requirements indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$13,527,838 and the debt service obligation was \$13,296,038.

#### **Non-commitment Multifamily Housing Revenue Bonds**

In July 2010, the Agency, on behalf of Tonner Hills Housing Partners, LP (the “Borrower”), was authorized to issue \$5,858,319 and \$7,741,681 Brea Redevelopment Agency Multifamily Housing Revenue Bonds (Tonner Hills Apartment Homes) 2010 Series A-1 and A-2, respectively, for the purpose of providing funding necessary for the acquisition, construction and equipping of a 94-unit multifamily rental housing project in the City. The Agency and the Borrower also entered into a non-interest bearing loan agreement in amount of \$1,200,000. These bonds are not the obligations of the Agency and will be paid solely from future rent revenue. The outstanding balance is determined when a construction draw requisition is submitted to the bank for payment, limited up to the authorized amounts for each of the series. Currently, the bonds are only paying interest to bondholders for debt service payments. When the bonds are converted, then the Borrower will pay principal and interest per bond conversion. The outstanding balance at June 30, 2023, was \$3,324,340 for Series A-1.



**c. Insurance**

The Successor Agency of the former Redevelopment Agency is covered under the insurance policy of the City of Brea at June 30, 2023.

**d. Deficit Net Position**

As of June 30, 2023, the Agency had a deficit net position of \$84,965,235. This will be reduced with future receipt of distributions from the Redevelopment Property Tax Trust Fund from the County.

**Note 18 - Adoption of New Standard**

As of July 1, 2022, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

	<u>Governmental Activities</u>
Net Position at July 1, 2022, as previously presented	<u>\$ 230,907,395</u>
GASB 96 Implementation:	
Add subscription IT asset	246,357
Add subscription liability	<u>(246,357)</u>
Net Position at July 1, 2022, as restated	<u><u>\$ 230,907,395</u></u>

## Required Supplementary Information

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City of Brea, California  
Schedule of Changes in the Net Pension Liability and Related Ratios – Miscellaneous Plan  
Last Ten Years\*  
Years Ended June 30, 2023

Miscellaneous	2023	2022	2021	2020	2019
<b>Total pension liability</b>					
Service cost	\$ 2,507,756	\$ 2,292,411	\$ 2,377,727	\$ 2,331,399	\$ 2,447,787
Interest on the total pension liability	11,062,559	10,893,584	10,517,185	10,290,427	9,781,021
Differences between actual and expected experience	(1,925,595)	230,181	(2,276,288)	1,588,377	1,347,129
Changes in assumptions	4,989,438	-	-	-	(670,255)
Benefit payments, including refunds of employee contributions	(8,667,849)	(8,108,945)	(7,527,291)	(6,867,189)	(6,401,688)
<b>Net change in total pension liability</b>	<b>7,966,309</b>	<b>5,307,231</b>	<b>3,091,333</b>	<b>7,343,014</b>	<b>6,503,994</b>
<b>Total pension liability- beginning</b>	<b>160,343,139</b>	<b>155,035,908</b>	<b>151,944,575</b>	<b>144,601,561</b>	<b>138,097,567</b>
<b>Total pension liability- ending (a)</b>	<b>\$ 168,309,448</b>	<b>\$ 160,343,139</b>	<b>\$ 155,035,908</b>	<b>\$ 151,944,575</b>	<b>\$ 144,601,561</b>
<b>Plan fiduciary net position</b>					
Net plan to plan resource movement	\$ -	\$ -	\$ -	\$ -	\$ 8,966
Contributions- employer	4,491,118	4,297,066	3,946,996	3,351,489	2,943,356
Contributions- employee	1,028,136	1,029,029	1,078,029	1,063,078	1,141,012
Net investment income	(10,262,883)	25,693,669	5,601,590	6,920,527	8,532,272
Benefit payments, including refunds of employee contributions	(8,667,849)	(8,108,945)	(7,527,291)	(6,867,189)	(6,401,688)
Administrative expense	(85,268)	(113,962)	(156,681)	(76,178)	(157,356)
Other miscellaneous income/(expense)	-	-	-	248	(298,822)
<b>Net change in plan fiduciary net position</b>	<b>(13,496,746)</b>	<b>22,796,857</b>	<b>2,942,643</b>	<b>4,391,975</b>	<b>5,767,740</b>
<b>Plan fiduciary net position- beginning</b>	<b>136,880,188</b>	<b>114,083,331</b>	<b>111,140,688</b>	<b>106,748,713</b>	<b>100,980,973</b>
<b>Plan fiduciary net position- ending (b)</b>	<b>\$ 123,383,442</b>	<b>\$ 136,880,188</b>	<b>\$ 114,083,331</b>	<b>\$ 111,140,688</b>	<b>\$ 106,748,713</b>
Net pension liability - beginning	\$ 23,462,951	\$ 40,952,577	\$ 40,803,887	\$ 37,852,848	\$ 37,116,594
Net pension liability- ending (a) - (b)	\$ 44,926,006	\$ 23,462,951	\$ 40,952,577	\$ 40,803,887	\$ 37,852,848
Plan fiduciary net position as a percentage of the total pension liability	73.31%	85.37%	73.59%	73.15%	73.82%
Covered payroll	\$ 12,313,380	\$ 15,083,837	\$ 15,618,412	\$ 15,187,853	\$ 15,773,914
Net pension liability as percentage of covered payroll	364.86%	155.55%	262.21%	268.66%	239.97%
Measurement period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

\* Fiscal year 2015 was the first year of implementation.

Changes of Assumptions : In fiscal year 2023, the discount rate was reduced from 7.15% to 6.90% and the inflation rate was reduced from 2.50% to 2.30%. In fiscal year 2019, the inflation rate and experience studies were updated. In fiscal year 2017, the discount rate was reduced from 7.65 % to 7.15 %. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65%. In 2018, the inflation rate changed from 2.75% to 2.5%.

Benefits Changes : The figures above do not include any liability impact that may have resulted from plan changes that occurred after the June 30, 2018, valuation date. This applies to voluntary benefit changes as well as any other offers of Two Years' Additional Service Credit (a.k.a. Golden Handshakes).

City of Brea, California  
Schedule of Changes in the Net Pension Liability and Related Ratios – Miscellaneous Plan  
Last Ten Years\*  
Years Ended June 30, 2023

**Miscellaneous**

	2018	2017	2016	2015
<b>Total pension liability</b>				
Service cost	\$ 2,355,806	\$ 2,046,427	\$ 2,062,984	\$ 2,192,940
Interest on the total pension liability	9,338,038	9,044,787	8,692,445	8,386,263
Differences between actual and expected experience	(972,574)	(950,961)	(1,784,268)	-
Changes in assumptions	7,763,702	-	(2,142,611)	-
Benefit payments, including refunds of employee contributions	(6,040,591)	(5,294,666)	(5,086,167)	(4,468,721)
<b>Net change in total pension liability</b>	<b>12,444,381</b>	<b>4,845,587</b>	<b>1,742,383</b>	<b>6,110,482</b>
<b>Total pension liability- beginning</b>	<b>125,653,186</b>	<b>120,807,599</b>	<b>119,065,216</b>	<b>112,954,734</b>
<b>Total pension liability- ending (a)</b>	<b>\$ 138,097,567</b>	<b>\$ 125,653,186</b>	<b>\$ 120,807,599</b>	<b>\$ 119,065,216</b>
<b>Plan fiduciary net position</b>				
Net plan to plan resource movement	\$ (68,950)	\$ -	\$ -	\$ -
Contributions- employer	2,810,705	2,403,298	2,132,083	1,969,185
Contributions- employee	1,135,787	1,071,389	1,087,960	1,140,919
Net investment income	10,371,791	510,663	2,130,803	14,101,824
Benefit payments, including refunds of employee contributions	(6,040,591)	(5,294,666)	(5,086,167)	(4,468,721)
Administrative expense	(137,174)	(57,456)	(106,071)	-
Other miscellaneous income/(expense)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>8,071,568</b>	<b>(1,366,772)</b>	<b>158,608</b>	<b>12,743,207</b>
<b>Plan fiduciary net position- beginning</b>	<b>92,909,405</b>	<b>94,276,177</b>	<b>94,117,569</b>	<b>81,374,362</b>
<b>Plan fiduciary net position- ending (b)</b>	<b>\$ 100,980,973</b>	<b>\$ 92,909,405</b>	<b>\$ 94,276,177</b>	<b>\$ 94,117,569</b>
Net pension liability - beginning	\$ 32,743,781	\$ 26,531,422	\$ 24,947,647	\$ 24,947,647
Net pension liability- ending (a) - (b)	\$ 37,116,594	\$ 32,743,781	\$ 26,531,422	\$ 24,947,647
Plan fiduciary net position as a percentage of the total pension liability	73.12%	73.94%	78.04%	79.05%
Covered payroll	\$ 16,716,903	\$ 15,474,119	\$ 15,043,603	\$ 14,843,300
Net pension liability as percentage of covered payroll	222.03%	211.60%	176.36%	168.07%
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

\* Fiscal year 2015 was the first year of implementation.

Changes of Assumptions: In fiscal year 2023, the discount rate was reduced from 7.15% to 6.90% and the inflation rate was reduced from 2.50% to 2.30%. In fiscal year 2019, the inflation rate and experience studies were updated. In fiscal year 2017, the discount rate was reduced from 7.65 % to 7.15 %. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65%. In 2018, the inflation rate changed from 2.75% to 2.5%.

Benefits Changes: The figures above do not include any liability impact that may have resulted from plan changes that occurred after the June 30, 2018, valuation date. This applies to voluntary benefit changes as well as any other offers of Two Years' Additional Service Credit (a.k.a. Golden Handshakes).

City of Brea, California  
Schedule of Changes in the Net Pension Liability and Related Ratios – Safety Plan  
Last Ten Years\*  
Years Ended June 30, 2023

Safety plan	2021**	2020	2019
<b>Total pension liability</b>			
Service cost	\$ 3,203,351	\$ 3,263,982	\$ 3,257,422
Interest	18,915,355	18,359,943	17,527,382
Difference between expected and actual experience	(31,244)	3,599,666	(224,664)
Changes in assumptions	-	-	(743,259)
Benefit payments, including refunds of employee contributions	(14,387,531)	(13,201,232)	(12,285,824)
<b>Net change in total pension liability</b>	7,699,931	12,022,359	7,531,057
<b>Total pension liability- beginning</b>	<u>270,173,742</u>	<u>258,151,383</u>	<u>250,620,326</u>
<b>Total pension liability- ending (a)</b>	<u>\$ 277,873,673</u>	<u>\$ 270,173,742</u>	<u>\$ 258,151,383</u>
<b>Plan fiduciary net position</b>			
Net plan to plan resource movement	\$ -	\$ -	\$ (9,613)
Contributions- employer	7,928,182	6,943,831	6,122,219
Contributions- employee	1,219,554	1,090,070	1,117,627
Net investment income	8,890,536	11,226,191	13,829,770
Benefit payments, including refunds of employee contributions	(14,387,531)	(13,201,232)	(12,285,824)
Administrative expenses	(249,637)	(122,130)	(254,161)
Other miscellaneous income/(expense)	-	399	(482,656)
<b>Net change in plan fiduciary net position</b>	3,401,104	5,937,129	8,037,362
<b>Plan fiduciary net position- beginning</b>	<u>177,078,406</u>	<u>171,141,277</u>	<u>163,103,915</u>
<b>Plan fiduciary net position- ending (b)</b>	<u>\$ 180,479,510</u>	<u>\$ 177,078,406</u>	<u>\$ 171,141,277</u>
Net pension liability- ending (a) - (b)	\$ 97,394,163	\$ 93,095,336	\$ 87,010,106
Plan fiduciary net position as a percentage of the total pension liability	64.95%	65.54%	66.29%
Covered payroll	\$ 11,736,459	\$ 11,724,815	\$ 11,688,892
Net pension liability as percentage of covered payroll	829.84%	794.00%	744.38%
Measurement period	June 30, 2020	June 30, 2019	June 30, 2018

\* Fiscal year 2015 was the first year of implementation.

\*\* Fiscal year 2022, the City's safety plan was transferred to the CalPERS Cost-Sharing Safety Plan.

Changes of Assumptions : In fiscal year 2019, the inflation rate and experience studies were updated. In fiscal year 2017, the discount rate was reduced from 7.65 % to 7.15 %. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65%. In 2018, the inflation rate changed from 2.75% to 2.5%.

Benefits Changes : The figures above do not include any liability impact that may have resulted from plan changes that occurred after the June 30, 2018, valuation date. This applies to voluntary benefit changes as well as any other offers of Two Years' Additional Service Credit (a.k.a. Golden Handshakes).

City of Brea, California  
Schedule of Changes in the Net Pension Liability and Related Ratios – Safety Plan  
Last Ten Years\*  
Years Ended June 30, 2023

Safety plan	2018	2017	2016	2015
<b>Total pension liability</b>				
Service cost	\$ 3,216,910	\$ 2,745,588	\$ 2,865,433	\$ 3,080,297
Interest	16,994,058	16,654,242	16,223,231	15,749,580
Difference between expected and actual experience	(2,374,086)	(2,403,349)	(2,307,435)	-
Changes in assumptions	14,075,011	-	(3,994,113)	-
Benefit payments, including refunds of employee contributions	(11,322,632)	(11,396,941)	(10,585,623)	(10,108,174)
<b>Net change in total pension liability</b>	20,589,261	5,599,540	2,201,493	8,721,703
<b>Total pension liability- beginning</b>	<u>230,031,065</u>	<u>224,431,525</u>	<u>222,230,032</u>	<u>213,508,329</u>
<b>Total pension liability- ending (a)</b>	<u>\$ 250,620,326</u>	<u>\$ 230,031,065</u>	<u>\$ 224,431,525</u>	<u>\$ 222,230,032</u>
<b>Plan fiduciary net position</b>				
Net plan to plan resource movement	\$ 68,950	\$ -	\$ -	\$ -
Contributions- employer	5,562,362	4,627,179	3,591,767	3,655,839
Contributions- employee	1,103,737	973,955	1,084,088	1,024,137
Net investment income	16,755,962	746,473	3,517,885	24,058,889
Benefit payments, including refunds of employee contributions	(11,322,632)	(11,396,941)	(10,585,623)	(10,108,174)
Administrative expenses	(223,176)	(95,259)	(175,877)	-
Other miscellaneous income/(expense)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	11,945,203	(5,144,593)	(2,567,760)	18,630,691
<b>Plan fiduciary net position- beginning</b>	<u>151,158,712</u>	<u>156,303,305</u>	<u>158,871,065</u>	<u>140,240,374</u>
<b>Plan fiduciary net position- ending (b)</b>	<u>\$ 163,103,915</u>	<u>\$ 151,158,712</u>	<u>\$ 156,303,305</u>	<u>\$ 158,871,065</u>
Net pension liability- ending (a) - (b)	\$ 87,516,411	\$ 78,872,353	\$ 68,128,220	\$ 63,358,967
Plan fiduciary net position as a percentage of the total pension liability	65.08%	65.71%	69.64%	71.49%
Covered payroll	\$ 10,703,998	\$ 10,168,516	\$ 9,980,447	\$ 9,919,059
Net pension liability as percentage of covered payroll	817.60%	775.65%	682.62%	638.76%
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

\* Fiscal year 2015 was the first year of implementation.

Changes of Assumptions : In fiscal year 2019, the inflation rate and experience studies were updated. In fiscal year 2017, the discount rate was reduced from 7.65 % to 7.15 %. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65%. In 2018, the inflation rate changed from 2.75% to 2.5%.

Benefits Changes : The figures above do not include any liability impact that may have resulted from plan changes that occurred after the June 30, 2018, valuation date. This applies to voluntary benefit changes as well as any other offers of Two Years' Additional Service Credit (a.k.a. Golden Handshakes).

City of Brea, California  
Schedule of Changes in Proportionate Share of the Net Pension Liability – Safety Plan  
Last Ten Years\*  
Years Ended June 30, 2023

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	2023	2022
City's proportion of the net pension liability	\$ 112,689,685	\$ 73,798,584
City's proportionate share of the net pension liability	1.6399%	2.1028%
Covered payroll	\$ 14,012,786	\$ 11,367,662
City's proportionate share of the net pension liability as a percentage of covered payroll	804.19%	649.20%
Plan fiduciary net position as a percentage of total pension liability	71.36%	63.06%
Measurement date:	June 30, 2022	June 30, 2021

Notes to Schedule:

\* Fiscal year 2021 was the first year of the City's cost-sharing safety plan.



City of Brea, California  
Schedule of Plan Contributions – Miscellaneous and Safety Plans  
Last Ten Years\*  
Years Ended June 30, 2023

	2023	2022	2021	2020	2019
<b><u>Miscellaneous plan</u></b>					
Actuarially determined contributions	\$ 4,086,520	\$ 3,707,509	\$ 3,578,109	\$ 3,228,649	\$ 2,802,915
Contributions in relation to the actuarially determined contribution	(4,086,520)	(3,707,509)	(3,578,109)	(3,228,649)	(2,802,915)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,712,806	\$ 12,313,380	\$ 15,083,837	\$ 15,618,412	\$ 15,187,853
Contributions as a percentage of covered payroll	32.14%	30.11%	23.72%	20.67%	18.45%
	2023	2022	2021	2020	2019
<b><u>Safety plan</u></b>					
Actuarially determined contributions	\$ 11,215,589	\$ 10,200,946	\$ 9,453,973	\$ 8,657,724	\$ 7,500,416
Contributions in relation to the actuarially determined contribution	(11,215,589)	(10,200,946)	(9,453,973)	(8,657,724)	(7,500,416)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 13,841,154	\$ 14,012,786	\$ 11,367,662	\$ 11,736,459	\$ 11,724,815
Contributions as a percentage of covered payroll	81.03%	72.80%	83.17%	73.77%	63.97%

\* Fiscal year 2015 was the first year of implementation.

**Notes to schedule:**  
**Miscellaneous and Safety Plans**

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percent of payroll
Asset valuation method	Fair value
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	6.90%, net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of Retirement are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019.

City of Brea, California  
Schedule of Plan Contributions – Miscellaneous and Safety Plans  
Last Ten Years\*  
Years Ended June 30, 2023

	2018	2017	2016	2015	2014
<b>Miscellaneous plan</b>					
Actuarially determined contributions	\$ 2,433,536	\$ 2,279,397	\$ 2,403,298	\$ 2,132,083	\$ 1,969,185
Contributions in relation to the actuarially determined contribution	<u>(2,433,536)</u>	<u>(2,279,397)</u>	<u>(2,403,298)</u>	<u>(2,132,083)</u>	<u>(1,969,185)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,773,914	\$ 16,716,903	\$ 15,474,119	\$ 15,043,603	\$ 14,843,300
Contributions as a percentage of covered payroll	15.43%	13.64%	15.53%	14.17%	13.27%
	2018	2017	2016	2015	2014
<b>Safety plan</b>					
Actuarially determined contributions	\$ 6,573,125	\$ 5,863,082	\$ 4,627,179	\$ 3,591,767	\$ 3,655,839
Contributions in relation to the actuarially determined contribution	<u>(6,573,125)</u>	<u>(5,863,082)</u>	<u>(4,627,179)</u>	<u>(3,591,767)</u>	<u>(3,655,839)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,688,892	\$ 10,703,998	\$ 10,168,516	\$ 9,980,447	\$ 9,919,059
Contributions as a percentage of covered payroll	56.23%	54.77%	45.50%	35.99%	36.86%

\* Fiscal year 2015 was the first year of implementation.

**Notes to schedule:**  
**Miscellaneous and Safety Plans**

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percent of payroll
Asset valuation method	Fair value
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	6.90%, net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of Retirement are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019.

City of Brea, California  
Schedule of Changes in the Total OPEB Liability and Related Ratios  
Last Ten Years\*  
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 994,959	\$ 1,123,147	\$ 787,934	\$ 849,287	\$ 882,455	\$ 1,020,496
Interest on the total OPEB liability	638,376	679,725	884,296	1,000,101	936,624	801,573
Differences between actual and expected experience	-	(628,511)	-	(2,073,628)	-	-
Changes in assumptions	(4,765,135)	(1,005,114)	4,760,345	976,091	(908,163)	(2,488,279)
Benefit payments, including of employee-contributions	(1,242,198)	(1,244,546)	(1,308,694)	(1,225,956)	(1,170,100)	(1,146,800)
Net change in total OPEB liability	(4,373,998)	(1,075,299)	5,123,881	(474,105)	(259,184)	(1,813,010)
Total OPEB liability - beginning	29,180,581	30,255,880	25,131,999	25,606,104	25,865,288	27,678,298
Total OPEB liability - ending	<u>\$ 24,806,583</u>	<u>\$ 29,180,581</u>	<u>\$ 30,255,880</u>	<u>\$ 25,131,999</u>	<u>\$ 25,606,104</u>	<u>\$ 25,865,288</u>
Covered-employee payroll	\$ 27,218,064	\$ 26,326,166	\$ 27,571,820	\$ 27,001,678	\$ 27,465,185	\$ 33,837,681
Total OPEB liability as a percentage of covered-employee payroll	91.14%	110.84%	109.73%	93.08%	93.23%	76.44%

Notes to Schedule:

Funding Policy: The City funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

\* Fiscal year 2018 was the first year of implementation. As such, additional years will be added as available.

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –  
General Fund  
Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Taxes	\$ 53,522,231	\$ 55,809,954	\$ 56,229,925	\$ 419,971
Licenses and permits	519,183	519,183	393,659	(125,524)
Intergovernmental	9,322,971	14,628,702	14,203,467	(425,235)
Charges for services	4,008,149	4,023,375	3,446,957	(576,418)
Investment income, net	1,080,350	1,080,350	1,097,842	17,492
Fines and forfeitures	329,400	329,400	323,185	(6,215)
Rental income	2,609,747	2,609,747	2,580,302	(29,445)
Miscellaneous	2,509,950	2,532,350	2,354,378	(177,972)
Total revenues	73,901,981	81,533,061	80,629,715	(903,346)
Expenditures				
Current				
General government				
City Management	3,267,847	3,342,039	3,235,788	106,251
Administrative Services	5,382,746	5,324,360	5,297,972	26,388
Public safety				
Police	26,835,159	27,144,284	26,845,601	298,683
Fire	16,651,894	15,804,344	15,594,441	209,903
Community development	3,464,479	2,641,683	2,496,372	145,311
Community services	8,637,643	9,020,043	9,612,938	(592,895)
Public works	7,052,259	7,143,033	6,845,184	297,849
Capital outlay	748,730	1,529,260	537,016	992,244
Debt service				
Principal retirement	-	-	118,266	(118,266)
Interest and fiscal charges	176,800	176,800	92,968	83,832
Total expenditures	72,217,557	72,125,846	70,676,546	1,449,300
Excess (deficiency) of revenues over(under) expenditures	1,684,424	9,407,215	9,953,169	545,954
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	8,659	8,659	3,331	(5,328)
Subscriptions	-	-	36,055	36,055
Leases (lessee)	-	-	111,620	111,620
Transfers in	2,500,193	1,817,000	450,000	(1,367,000)
Transfers out	(6,958,688)	(11,990,530)	(5,899,731)	6,090,799
Total other financing sources (uses)	(4,449,836)	(10,164,871)	(5,298,725)	4,866,146
Net change in Fund Balance	\$ (2,765,412)	\$ (757,656)	4,654,444	\$ 5,412,100
Fund Balance, Beginning of Year			48,402,652	
Fund Balance, End of Year			\$ 53,057,096	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –  
Housing Successor Fund  
Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Investment income, net	\$ 103,200	\$ 103,200	\$ 40,590	\$ (62,610)
Other revenues	141,900	141,900	33,000	(108,900)
Total revenues	<u>245,100</u>	<u>245,100</u>	<u>73,590</u>	<u>(171,510)</u>
Expenditures				
Current				
General government	2,110	2,110	10,351	(8,241)
Community development	314,360	391,365	245,463	145,902
Total expenditures	<u>316,470</u>	<u>393,475</u>	<u>255,814</u>	<u>137,661</u>
Net Change in Fund Balance	<u>\$ (71,370)</u>	<u>\$ (148,375)</u>	<u>(182,224)</u>	<u>\$ (33,849)</u>
Fund Balance, Beginning of Year			<u>20,289,441</u>	
Fund Balance, End of Year			<u>\$ 20,107,217</u>	

## **Note 1 - Budget Information**

### General Budget Policies

The City adheres to the following procedures in establishing the budgetary data reflected in its financial statements:

1. In May of each year, the City Manager submits to the City Council a proposed financial plan with an annual operating budget for the upcoming fiscal year commencing July 1. The operating budget includes proposed expenditures and the sources of financing.
2. Public hearings are conducted at City Council meetings to obtain taxpayer comments.
3. On or before July 1, the financial plan for the fiscal year is adopted by Council action.
4. The City Manager is authorized to transfer funds appropriated with respect to those classifications designated as other services and material and supplies within the same department. The City Manager may transfer appropriated funds from any classification within other expenditure categories to the capital outlay classification within the same department only; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Activities of the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds are included in the annual appropriated budget. As an additional internal control mechanism, project-length financial plans are adopted for the Capital Improvement Program.
5. Formal budgetary integration is employed as a management control device during the year for the governmental funds.
6. Legally adopted budgets for all governmental funds are established on a basis consistent with generally accepted accounting principles (GAAP). For the current fiscal year, the HOME Program special revenue fund had not adopted budget.

## **Note 2 - Excess of Expenditures Over Appropriation**

For purposes of evaluating legal compliance at the budgetary level of control (that is, the level at which expenditures cannot legally exceed the appropriated amount), control is established at the department level within the General Fund and at the fund level for total expenditures and transfers out for all other budgeted funds.

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## Supplementary Information



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**Capital Projects Fund**

Capital Improvements Fund

The Capital Improvements Fund is used to account for the costs of constructing street improvements, parks and other public improvements not normally included within the other Capital Projects Funds. Financing is provided by Federal, state, and county grant revenues and interfund transfers from the special revenue funds and General Fund.

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –

Capital Improvement Fund

Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Intergovernmental	\$ 5,820,000	\$ 14,305,110	\$ 357,891	\$ (13,947,219)
Charges for services	1,801,090	1,801,090	205,920	(1,595,170)
Investment income, net	54,830	54,830	42,895	(11,935)
Other revenues	16,600	97,304	20,112	(77,192)
Total revenues	7,692,520	16,258,334	626,818	(15,631,516)
Expenditures				
Current				
General government	397,628	400,631	527,339	(126,708)
Public safety	-	99,165	99,164	1
Public works	49,780	49,780	49,780	-
Capital outlay	12,000	52,789	5,809,640	(5,756,851)
Total expenditures	459,408	602,365	6,485,923	(5,883,558)
Excess (deficiency) of revenues over(under) expenditures	7,233,112	15,655,969	(5,859,105)	(21,515,074)
Other Financing Sources (Uses)				
Transfers in	20,799,000	42,757,476	5,558,027	(37,199,449)
Transfer out	(400,000)	(4,306,156)	(49,245)	4,256,911
Total other financing sources (uses)	20,399,000	38,451,320	5,508,782	(32,942,538)
Net Change in Fund Balance	<u>\$ 27,632,112</u>	<u>\$ 54,107,289</u>	(350,323)	<u>\$ (54,457,612)</u>
Fund Balance, Beginning of Year			6,561,214	
Fund Balance, End of Year			<u>\$ 6,210,891</u>	

### **Non-major Special Revenue Funds**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services or capital projects.

The City of Brea has the following non-major Special Revenue Funds:

#### Gas Tax Fund

This fund is used to account for revenues received and expenditures made for street improvements and street maintenance. Financing is provided by the City's share of state gasoline taxes made pursuant to the California State Constitution and authorized by the State Legislature.

#### Narcotics Enforcement Asset Seizure Fund

This fund is used to account for revenues seized by the Police Department during narcotic investigations.

#### Air Quality Improvement Fund

This fund is used to account for revenues received from vehicle registration fees and restricted for improvement of air quality.

#### Park Development Fund

This fund is used to account for revenues received and expenditures made for park development and improvement. The primary source of revenue is park development fees collected from developers under the State of California's Quimby Act.

#### Measure M Fund

This fund is used to account for ½ cent sales tax restricted for expenditure for road maintenance and street expenditures.

#### Affordable Housing Trust Fund

This fund is used to account for revenues received and expenditures made for the development of low to moderate income housing. The primary source of revenue is fees collected from developers.

#### Community Development Block Grant Fund

This fund is used to account for the revenues received and expenditures made for the City's Community Development Block Grant Program. Financing is provided under an agreement with the County of Orange whereby the City is a secondary recipient of funds made available from the U.S. Department of Housing and Urban Development under the Housing and Community Development Act of 1974 and 1977.

#### HOME Program Fund

This fund is used for the revenues received and expenditures made for housing rehabilitation. Financing is provided under an agreement with the County of Orange whereby the City is a secondary recipient of funds made available from the U.S. Department of Housing and Urban Development.

Blackstone Community Facilities District (CFD) 2008-1 Fund

The fund is used to account for the collection of special taxes and expenditure for police, fire, maintenance and general city services including park maintenance and open space.

La Floresta CFD 2011-1 Fund

This fund is used to account for the collection of special taxes and expenditure for police, fire, maintenance and general city services.

Taylor Morrison CFD 2013-1 Fund

This fund is used to account for the collection of special taxes and expenditures for police, fire, maintenance and general city services.

Central Park Village CFD 2013-2 Fund

This fund is used to account for the collection of special taxes and expenditures for police, fire, maintenance and general city services.

Opioid Settlement Fund

This fund is used to account for revenues received from the State of California and are restricted for future opioid remediation and reimbursement of past opioid-related expenditures. There was no adopted budget for the fund.

Development Fund

This fund is used to account for the receipt and expenditure of developer fees. There was no adopted budget for the fund.

**Non-major Capital Projects Funds**

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

**The City of Brea has the following non-major Capital Projects Funds**

Capital and Mitigation Improvement Fund

This fund is used to account for the revenues received and expenditures made for the City Council-designated Capital Improvement projects, as well as the implementation of measures designed to mitigate impacts related to development, and the operation of government facilities, including, but not limited to: traffic, noise, aesthetics, and open space preservation. Financing is provided by the July 14, 2009 Agreement between the City and County of Orange regarding the extension of the Olinda Alpha Landfill.

Storm Drain Fund

This fund is used to account for the financing and construction of storm drains throughout the City. Financing is provided by storm drain assessment fees.

City of Brea, California  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2023

	Special Revenue Funds			
		Narcotics		
	Gas Tax	Enforcement Asset Seizure	Air Quality Improvement	Park Development
Assets				
Cash and investments	\$ 3,798,475	\$ 562,155	\$ 154,742	\$ 2,349,600
Receivables				
Taxes	-	-	-	-
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Due from other governments	199,708	-	15,632	-
Total assets	<u>\$ 3,998,183</u>	<u>\$ 562,155</u>	<u>\$ 170,374</u>	<u>\$ 2,349,600</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 90,905	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>90,905</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted				
Community development projects	-	-	-	-
Public safety	-	471,250	-	-
Public works	3,998,183	-	170,374	-
Capital projects	-	-	-	2,349,600
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	<u>3,998,183</u>	<u>471,250</u>	<u>170,374</u>	<u>2,349,600</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,998,183</u>	<u>\$ 562,155</u>	<u>\$ 170,374</u>	<u>\$ 2,349,600</u>

(continued)

City of Brea, California  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2023

	Special Revenue Funds			
	Measure M	Affordable Housing Trust	Community Development Block Grant	HOME Program
<b>Assets</b>				
Cash and investments	\$ 1,548,500	\$ 3,269,480	\$ -	\$ -
Receivables				
Taxes	-	-	-	-
Accounts	-	-	2,595	-
Notes and loans	-	106,724	1,364,951	18,241
Due from other governments	216,178	-	103,575	-
<b>Total assets</b>	<b>\$ 1,764,678</b>	<b>\$ 3,376,204</b>	<b>\$ 1,471,121</b>	<b>\$ 18,241</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,093	\$ -	\$ 6,333	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	1,364,951	18,241
Due to other funds	-	-	173,222	-
<b>Total liabilities</b>	<b>2,093</b>	<b>-</b>	<b>1,544,506</b>	<b>18,241</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	-	103,575	-
<b>Fund Balances (Deficit)</b>				
Nonspendable	-	-	-	-
Restricted				
Community development projects	-	3,376,204	-	-
Public safety	-	-	-	-
Public works	1,762,585	-	-	-
Capital projects	-	-	-	-
Unassigned (deficit)	-	-	(176,960)	-
<b>Total fund balances (deficit)</b>	<b>1,762,585</b>	<b>3,376,204</b>	<b>(176,960)</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,764,678</b>	<b>\$ 3,376,204</b>	<b>\$ 1,471,121</b>	<b>\$ 18,241</b>

(continued)

City of Brea, California  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2023

	Special Revenue Funds			
	Blackstone CFD	La Floresta CFD	Taylor - Morrison CFD	Central Park Village CFD
Assets	\$ 2,135,605	\$ 348,170	\$ 102,715	\$ 132,036
Cash and investments				
Receivables	26,052	8,741	1,053	640
Taxes	-	-	-	-
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Due from other governments				
	<u>\$ 2,161,657</u>	<u>\$ 356,911</u>	<u>\$ 103,768</u>	<u>\$ 132,676</u>
Total assets				
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities	\$ 10,019	\$ 812	\$ -	\$ -
Accounts payable	7,185	8,166	571	1,549
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds				
	<u>17,204</u>	<u>8,978</u>	<u>571</u>	<u>1,549</u>
Total liabilities				
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	2,144,453	347,933	103,197	131,127
Capital projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
	<u>2,144,453</u>	<u>347,933</u>	<u>103,197</u>	<u>131,127</u>
Total fund balances (deficit)				
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,161,657</u>	<u>\$ 356,911</u>	<u>\$ 103,768</u>	<u>\$ 132,676</u>

(continued)



City of Brea, California  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2023

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Development Fund	National Opioid Settlement	Capital and Mitigation Improvement	Storm Drain	
<b>Assets</b>					
Cash and investments	\$ 1,666,294	\$ 97,438	\$ 3,738,967	\$ 340,045	\$ 20,244,222
Receivables					
Taxes	-	-	-	-	36,486
Accounts	-	-	-	-	2,595
Notes and loans	-	-	-	-	1,489,916
Due from other governments	-	-	-	-	535,093
<b>Total assets</b>	<b>\$ 1,666,294</b>	<b>\$ 97,438</b>	<b>\$ 3,738,967</b>	<b>\$ 340,045</b>	<b>\$ 22,308,312</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 162,331	\$ -	\$ -	\$ -	\$ 272,493
Accrued liabilities	3,682	-	-	-	21,153
Unearned revenues	1,500,281	98,183	-	-	1,598,464
Due to other governments	-	-	-	-	1,383,192
Due to other funds	-	-	-	-	173,222
<b>Total liabilities</b>	<b>1,666,294</b>	<b>98,183</b>	<b>-</b>	<b>-</b>	<b>3,448,524</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	-	-	-	-	103,575
<b>Fund Balances (Deficit)</b>					
Nonspendable	-	-	-	-	-
Restricted					
Community development projects	-	-	-	-	3,376,204
Public safety	-	-	-	-	471,250
Public works	-	-	-	-	8,657,852
Capital projects	-	-	3,738,967	340,045	6,428,612
Unassigned (deficit)	-	(745)	-	-	(177,705)
<b>Total fund balances (deficit)</b>	<b>-</b>	<b>(745)</b>	<b>3,738,967</b>	<b>340,045</b>	<b>18,756,213</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,666,294</b>	<b>\$ 97,438</b>	<b>\$ 3,738,967</b>	<b>\$ 340,045</b>	<b>\$ 22,308,312</b>

City of Brea, California  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances  
Non-Major Governmental Funds  
June 30, 2023

	Special Revenue Funds			
	Gas Tax	Narcotics Enforcement Asset Seizure	Air Quality Improvement	Park Development
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,242,160	-	118,374	-
Investment income, net	19,616	2,655	386	12,677
Fines and forfeitures	-	7,393	-	-
Other revenues	-	-	-	-
Total revenues	<u>2,261,776</u>	<u>10,048</u>	<u>118,760</u>	<u>12,677</u>
Expenditures				
Current				
General government	7,383	32,998	415	4,608
Public safety	-	31,802	419,978	-
Community development	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>7,383</u>	<u>64,800</u>	<u>420,393</u>	<u>4,608</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,254,393</u>	<u>(54,752)</u>	<u>(301,633)</u>	<u>8,069</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	6,000	-	-
Transfers in	-	-	-	-
Transfers out	<u>(1,656,130)</u>	<u>-</u>	<u>-</u>	<u>(64,907)</u>
Total other financing sources (uses)	<u>(1,656,130)</u>	<u>6,000</u>	<u>-</u>	<u>(64,907)</u>
Net Change in Fund Balances	598,263	(48,752)	(301,633)	(56,838)
Fund Balances (Deficit), Beginning of Year	<u>3,399,920</u>	<u>520,002</u>	<u>472,007</u>	<u>2,406,438</u>
Fund Balances (Deficit), End of Year	<u>\$ 3,998,183</u>	<u>\$ 471,250</u>	<u>\$ 170,374</u>	<u>\$ 2,349,600</u>

(continued)

City of Brea, California  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances  
Non-Major Governmental Funds  
June 30, 2023

	Special Revenue Funds			
	Measure M	Affordable Housing Trust	Community Development Block Grant	HOME Program
Revenues				
Taxes	\$ 1,318,335	\$ -	\$ -	\$ -
Intergovernmental	-	-	130,770	-
Investment income, net	7,788	17,089	-	-
Fines and forfeitures	-	-	-	-
Other revenues	-	-	3,404	-
Total revenues	<u>1,326,123</u>	<u>17,089</u>	<u>134,174</u>	<u>-</u>
Expenditures				
Current				
General government	2,983	6,268	-	-
Public safety	-	-	-	-
Community development	-	25,400	105,814	-
Public works	<u>34,289</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>37,272</u>	<u>31,668</u>	<u>105,814</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,288,851</u>	<u>(14,579)</u>	<u>28,360</u>	<u>-</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>(906,513)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(906,513)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	382,338	(14,579)	28,360	-
Fund Balances (Deficit), Beginning of Year	<u>1,380,247</u>	<u>3,390,783</u>	<u>(205,320)</u>	<u>-</u>
Fund Balances (Deficit), End of Year	<u>\$ 1,762,585</u>	<u>\$ 3,376,204</u>	<u>\$ (176,960)</u>	<u>\$ -</u>

(continued)

City of Brea, California  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances  
Non-Major Governmental Funds  
June 30, 2023

	Special Revenue Funds			
	Blackstone CFD	La Floresta CFD	Taylor- Morrison CFD	Central Park Village CFD
Revenues				
Taxes	\$ 862,025	\$ 527,220	\$ 52,159	\$ 127,149
Intergovernmental	-	-	-	-
Investment income, net	10,414	1,482	798	982
Fines and forfeitures	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>872,439</u>	<u>528,702</u>	<u>52,957</u>	<u>128,131</u>
Expenditures				
Current				
General government	8,238	612	262	356
Public safety	465,589	479,085	93,436	183,051
Community development	-	-	-	-
Public works	<u>331,879</u>	<u>24,596</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>805,706</u>	<u>504,293</u>	<u>93,698</u>	<u>183,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>66,733</u>	<u>24,409</u>	<u>(40,741)</u>	<u>(55,276)</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	66,733	24,409	(40,741)	(55,276)
Fund Balances (Deficit), Beginning of Year	<u>2,077,720</u>	<u>323,524</u>	<u>143,938</u>	<u>186,403</u>
Fund Balances (Deficit), End of Year	<u>\$ 2,144,453</u>	<u>\$ 347,933</u>	<u>\$ 103,197</u>	<u>\$ 131,127</u>

(continued)

City of Brea, California  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances  
Non-Major Governmental Funds  
June 30, 2023

	Special Revenue Fund		Capital Projects Funds		Total Nonmajor Governmental Funds
	Development Fund	National Opioid Settlement	Capital and Mitigation Improvement	Storm Drain	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,886,888
Intergovernmental	-	-	-	-	2,491,304
Investment income, net	-	362	19,852	1,765	95,866
Fines and forfeitures	-	-	-	-	7,393
Other revenues	2,510,030	(1,000)	-	-	2,512,434
Total revenues	2,510,030	(638)	19,852	1,765	7,993,885
Expenditures					
Current					
General government	-	107	7,027	648	71,905
Public safety	-	-	-	-	1,672,941
Community development	-	-	-	-	131,214
Public works	2,510,030	-	-	-	2,900,794
Total expenditures	2,510,030	107	7,027	648	4,776,854
Excess (deficiency) of revenues over (under) expenditures	-	(745)	12,825	1,117	3,217,031
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	-	-	-	-	6,000
Transfers in	-	-	56,000	-	56,000
Transfers out	-	-	-	-	(2,627,550)
Total other financing sources (uses)	-	-	56,000	-	(2,565,550)
Net Change in Fund Balances	-	(745)	68,825	1,117	651,481
Fund Balances (Deficit), Beginning of Year	-	-	3,670,142	338,928	18,104,732
Fund Balances (Deficit), End of Year	\$ -	\$ (745)	\$ 3,738,967	\$ 340,045	\$ 18,756,213

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Gas Tax Special Revenue Fund

Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Intergovernmental	\$ 2,349,363	\$ 2,349,363	\$ 2,242,160	\$ (107,203)
Investment income, net	35,900	40,119	19,616	(20,503)
Total revenues	<u>2,385,263</u>	<u>2,389,482</u>	<u>2,261,776</u>	<u>(127,706)</u>
Expenditures				
Current				
General government	<u>-</u>	<u>7,385</u>	<u>7,383</u>	<u>2</u>
Excess (deficiency) of revenues over(under) expenditures	<u>2,385,263</u>	<u>2,382,097</u>	<u>2,254,393</u>	<u>(127,704)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,890,000)</u>	<u>(3,503,710)</u>	<u>(1,656,130)</u>	<u>1,847,580</u>
Net Change in Fund Balance	<u>\$ 495,263</u>	<u>\$ (1,121,613)</u>	598,263	<u>\$ 1,719,876</u>
Fund Balance, Beginning of Year			<u>3,399,920</u>	
Fund Balance, End of Year			<u>\$ 3,998,183</u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Narcotics Enforcement Asset Seizure Special Revenue Fund  
Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Investment income, net	\$ 5,000	\$ 5,000	\$ 2,655	\$ (2,345)
Fines and forfeitures	5,000	5,000	7,393	2,393
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>10,048</u>	<u>48</u>
Expenditures				
Current				
General government	40,400	40,400	32,998	7,402
Public safety	-	31,802	31,802	-
Total expenditures	<u>40,400</u>	<u>72,202</u>	<u>64,800</u>	<u>7,402</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(30,400)</u>	<u>(62,202)</u>	<u>(54,752)</u>	<u>7,450</u>
Other financing sources (uses):				
Sale of land and equipment	-	-	6,000	6,000
Net Change in Fund Balance	<u>\$ (30,400)</u>	<u>\$ (62,202)</u>	(48,752)	<u>\$ 13,450</u>
Fund Balance, Beginning of Year			<u>520,002</u>	
Fund Balance, End of Year			<u>\$ 471,250</u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Air Quality Improvement Special Revenue Fund  
Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Intergovernmental	\$ 56,000	\$ 112,500	\$ 118,374	\$ 5,874
Investment income, net	2,800	2,800	386	(2,414)
Total revenues	<u>58,800</u>	<u>115,300</u>	<u>118,760</u>	<u>3,460</u>
Expenditures				
Current				
General government	-	-	415	(415)
Public safety	-	495,000	419,978	75,022
Total expenditures	<u>-</u>	<u>495,000</u>	<u>420,393</u>	<u>74,607</u>
Net Change in Fund Balance	<u>\$ 58,800</u>	<u>\$ (379,700)</u>	(301,633)	<u>\$ 78,067</u>
Fund Balance, Beginning of Year			<u>472,007</u>	
Fund Balance, End of Year			<u>\$ 170,374</u>	



City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Park Development Special Revenue Fund

Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Investment income, net	\$ 31,000	\$ 31,000	\$ 12,677	\$ (18,323)
Total revenues	31,000	31,000	12,677	(18,323)
Expenditures				
Current				
General government	-	4,608	4,608	-
Excess (deficiency) of revenues over(under) expenditures	31,000	26,392	8,069	(18,323)
Other Financing Sources (Uses)				
Transfers out	(1,000,000)	(2,225,100)	(64,907)	2,160,193
Net Change in Fund Balance	<u>\$ (969,000)</u>	<u>\$ (2,198,708)</u>	(56,838)	<u>\$ 2,141,870</u>
Fund Balance, Beginning of Year			<u>2,406,438</u>	
Fund Balance, End of Year			<u>\$ 2,349,600</u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Measure M Special Revenue Fund  
Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final	Amounts	
Revenues				
Taxes	\$ 1,139,991	\$ 1,139,991	\$ 1,318,335	\$ 178,344
Investment income, net	10,296	10,296	7,788	(2,508)
Total revenues	<u>1,150,287</u>	<u>1,150,287</u>	<u>1,326,123</u>	<u>175,836</u>
Expenditures				
Current				
General government	12,798	12,798	2,983	9,815
Public works	63,352	63,352	34,289	29,063
Total expenditures	<u>76,150</u>	<u>76,150</u>	<u>37,272</u>	<u>38,878</u>
Excess (deficiency) of revenues over(under) expenditures	<u>1,074,137</u>	<u>1,074,137</u>	<u>1,288,851</u>	<u>214,714</u>
Other financing sources (uses)				
Transfers out	<u>(860,000)</u>	<u>(1,259,997)</u>	<u>(906,513)</u>	<u>353,484</u>
Net Change in Fund Balance	<u>\$ 214,137</u>	<u>\$ (185,860)</u>	382,338	<u>\$ 568,198</u>
Fund Balance, Beginning of Year			<u>1,380,247</u>	
Fund Balance, End of Year			<u>\$ 1,762,585</u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Affordable Housing Trust Special Revenue Fund  
Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Investment income, net	\$ 66,700	\$ 66,700	\$ 17,089	\$ (49,611)
Other revenues	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Total revenues	<u>166,700</u>	<u>166,700</u>	<u>17,089</u>	<u>(149,611)</u>
Expenditures				
Current				
General government	-	-	6,268	(6,268)
Community development	<u>36,576</u>	<u>36,576</u>	<u>25,400</u>	<u>11,176</u>
Total expenditures	<u>36,576</u>	<u>36,576</u>	<u>31,668</u>	<u>4,908</u>
Net Change in Fund Balance	<u>\$ 130,124</u>	<u>\$ 130,124</u>	(14,579)	<u>\$ (144,703)</u>
Fund Balance, Beginning of Year			<u>3,390,783</u>	
Fund Balance, End of Year			<u>\$ 3,376,204</u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Community Development Block Grant Special Revenue Fund  
Year Ended June 30, 2023

---

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Intergovernmental	\$ 187,500	\$ 187,500	\$ 130,770	\$ (56,730)
Other revenues	-	-	3,404	3,404
Total revenues	<u>187,500</u>	<u>187,500</u>	<u>134,174</u>	<u>(53,326)</u>
Expenditures				
Current				
Community development	<u>187,500</u>	<u>334,187</u>	<u>105,814</u>	<u>228,373</u>
Excess (deficiency) of revenues over(under) expenditures	<u>-</u>	<u>(146,687)</u>	<u>28,360</u>	<u>171,643</u>
Other financing sources (uses)				
Transfers out	<u>-</u>	<u>(46,425)</u>	<u>-</u>	<u>46,425</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (193,112)</u>	28,360	<u>\$ 218,068</u>
Fund Balance, Beginning of Year			<u>(205,320)</u>	
Fund Balance, End of Year			<u>\$ (176,960)</u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Blackstone CFD Special Revenue Fund

Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final	Amounts	
Revenues				
Taxes	\$ 861,300	\$ 861,300	\$ 862,025	\$ 725
Investment income, net	42,800	42,800	10,414	(32,386)
Total revenues	<u>904,100</u>	<u>904,100</u>	<u>872,439</u>	<u>(31,661)</u>
Expenditures				
Current				
General government	10,747	10,747	8,238	2,509
Public safety	482,985	486,394	465,589	20,805
Public works	411,158	416,205	331,879	84,326
Total expenditures	<u>904,890</u>	<u>913,346</u>	<u>805,706</u>	<u>107,640</u>
Net Change in Fund Balance	<u>\$ (790)</u>	<u>\$ (9,246)</u>	66,733	<u>\$ 75,979</u>
Fund Balance, Beginning of Year			<u>2,077,720</u>	
Fund Balance, End of Year			<u>\$ 2,144,453</u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

La Floresta CFD Special Revenue Fund

Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Taxes	\$ 496,181	\$ 501,149	\$ 527,220	\$ 26,071
Investment income, net	7,700	7,700	1,482	(6,218)
Total revenues	<u>503,881</u>	<u>508,849</u>	<u>528,702</u>	<u>19,853</u>
Expenditures				
Current				
General government	950	950	612	338
Public safety	472,730	482,177	479,085	3,092
Public works	21,165	21,165	24,596	(3,431)
Total expenditures	<u>494,845</u>	<u>504,292</u>	<u>504,293</u>	<u>(1)</u>
Net Change in Fund Balance	<u>\$ 9,036</u>	<u>\$ 4,557</u>	24,409	<u>\$ 19,852</u>
Fund Balance, Beginning of Year			<u>323,524</u>	
Fund Balance, End of Year			<u>\$ 347,933</u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Taylor-Morrison CFD Special Revenue Fund  
Year Ended June 30, 2023

---

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Taxes	\$ 52,170	\$ 52,170	\$ 52,159	\$ (11)
Investment income, net	3,060	3,060	798	(2,262)
Total revenues	<u>55,230</u>	<u>55,230</u>	<u>52,957</u>	<u>(2,273)</u>
Expenditures				
Current				
General Government	214	469	262	207
Public safety	<u>92,649</u>	<u>118,328</u>	<u>93,436</u>	<u>24,892</u>
Total expenditures	<u>92,863</u>	<u>118,797</u>	<u>93,698</u>	<u>25,099</u>
Net Change in Fund Balance	<u>\$ (37,633)</u>	<u>\$ (63,567)</u>	(40,741)	<u>\$ (22,826)</u>
Fund Balance, Beginning of Year			<u>143,938</u>	
Fund Balance, End of Year			<u>\$ 103,197</u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Central Park Village CFD Special Revenue Fund  
Year Ended June 30, 2023

---

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Taxes	\$ 140,720	\$ 140,720	\$ 127,149	\$ (13,571)
Investment income, net	3,700	3,700	982	(2,718)
Total revenues	<u>144,420</u>	<u>144,420</u>	<u>128,131</u>	<u>(16,289)</u>
Expenditures				
Current				
General Government	-	319	356	(37)
Public safety	<u>175,891</u>	<u>183,087</u>	<u>183,051</u>	<u>36</u>
Total expenditures	<u>175,891</u>	<u>183,406</u>	<u>183,407</u>	<u>(1)</u>
Net Change in Fund Balance	<u>\$ (31,471)</u>	<u>\$ (38,986)</u>	(55,276)	<u>\$ (16,290)</u>
Fund Balance, Beginning of Year			<u>186,403</u>	
Fund Balance, End of Year			<u>\$ 131,127</u>	



City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
National Opioid Settlement Special Revenue Fund  
Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Investment income, net	\$ -	\$ -	\$ 362	\$ 362
Other revenues	-	-	(1,000)	(1,000)
Total revenues	-	-	(638)	(638)
Expenditures				
Current				
General government	-	107	107	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (107)</u>	(745)	<u>\$ (638)</u>
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			<u>\$ (745)</u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Development Fund Special Revenue Fund

Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
Revenues				
Other revenues	\$ -	\$ -	\$ 2,510,030	\$ 2,510,030
Expenditures				
Current				
Public works	-	-	2,510,030	(2,510,030)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			<u>\$ -</u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Capital and Mitigation Improvement Capital Projects Fund  
Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues				
Investment income, net	\$ 76,200	\$ 76,200	\$ 19,852	\$ (56,348)
Expenditures				
Current				
General government	-	7,027	7,027	-
Excess (deficiency) of revenues over(under) expenditures	76,200	69,173	12,825	(56,348)
Other financing sources (uses)				
Transfers in	56,000	56,000	56,000	-
Transfers out	(2,910,000)	(2,910,000)	-	2,910,000
Total other financing sources (uses)	(2,854,000)	(2,854,000)	56,000	2,910,000
Net Change in Fund Balance	<u><u>\$ (2,777,800)</u></u>	<u><u>\$ (2,784,827)</u></u>	68,825	<u><u>\$ 2,853,652</u></u>
Fund Balance, Beginning of Year			<u>3,670,142</u>	
Fund Balance, End of Year			<u><u>\$ 3,738,967</u></u>	

City of Brea, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Storm Drain Capital Projects Fund

Year Ended June 30, 2023

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	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
Revenues				
Investment income, net	\$ 7,000	\$ 7,000	\$ 1,765	\$ (5,235)
Expenditures				
Current				
General government	-	648	648	-
Net Change in Fund Balance	<u>\$ 7,000</u>	<u>\$ 6,352</u>	1,117	<u>\$ (5,235)</u>
Fund Balance, Beginning of Year			<u>338,928</u>	
Fund Balance, End of Year			<u>\$ 340,045</u>	

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Urban Runoff Fund

The fund is used to account for the City's urban runoff operations, which are financed and operated in a manner similar to a private enterprise. The costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

Sanitation Fund

The fund is used to account for the City's refuse collection and street sweeping operations, which are operated in a manner similar to a private enterprise. User charges finance the operations of this fund.

Information Technology External Support Fund

This fund is used to account for the operations of the Information Technology Division's contractual information technology services to other agencies. The costs (expenses including depreciation) of providing these services to participating cities on a continuing basis are financed or recovered primarily through user charges.

Golf Course Fund

This fund is used to account for the operations of the Birch Hills and Brea Creek Golf Courses.

City of Brea, California  
Combining Statement of Net Position  
Non-Major Enterprise Funds  
June 30, 2023

	Urban Runoff	Sanitation	Information Technology External Support	Golf Course	Total
<b>Assets</b>					
Current assets					
Cash and investments	\$ 672,270	\$ 384,968	\$ 353,250	\$ 2,829,891	\$ 4,240,379
Accounts receivable, net	58,788	546,851	-	-	605,639
Due from other governments	-	11,371	121,765	-	133,136
Total current assets	<u>731,058</u>	<u>943,190</u>	<u>475,015</u>	<u>2,829,891</u>	<u>4,979,154</u>
Noncurrent					
Restricted cash and investments	22,013	-	272,336	-	294,349
Capital assets - nondepreciable	105,175	-	-	8,705,425	8,810,600
Capital assets - net of accumulated depreciation	<u>17,062</u>	<u>-</u>	<u>-</u>	<u>1,346,897</u>	<u>1,363,959</u>
Total noncurrent assets	<u>144,250</u>	<u>-</u>	<u>272,336</u>	<u>10,052,322</u>	<u>10,468,908</u>
Total assets	<u>875,308</u>	<u>943,190</u>	<u>747,351</u>	<u>12,882,213</u>	<u>15,448,062</u>
Deferred outflows of resources					
Deferred pension related items	116,444	238,647	510,092	5,103	870,286
Deferred OPEB related items	<u>9,652</u>	<u>36,234</u>	<u>127,298</u>	<u>-</u>	<u>173,184</u>
Total deferred outflows of resources	<u>126,096</u>	<u>274,881</u>	<u>637,390</u>	<u>5,103</u>	<u>1,043,470</u>
Total assets and deferred outflows of resources	<u>\$ 1,001,404</u>	<u>\$ 1,218,071</u>	<u>\$ 1,384,741</u>	<u>\$ 12,887,316</u>	<u>\$ 16,491,532</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 2,464	\$ 367,577	\$ 1,136	\$ 547,222	\$ 918,399
Accrued liabilities	4,140	7,508	16,348	118	28,114
Compensated absences, due within one year	-	8,483	51,221	-	59,704
Total current liabilities	<u>6,604</u>	<u>383,568</u>	<u>68,705</u>	<u>547,340</u>	<u>1,006,217</u>
Noncurrent					
Compensated absences, due in more than one year	-	2,828	17,074	-	19,902
Net pension liability	398,396	816,501	1,745,218	17,461	2,977,576
Total OPEB liability	<u>58,370</u>	<u>256,571</u>	<u>1,136,899</u>	<u>-</u>	<u>1,451,840</u>
Total noncurrent liabilities	<u>456,766</u>	<u>1,075,900</u>	<u>2,899,191</u>	<u>17,461</u>	<u>4,449,318</u>
Total liabilities	<u>463,370</u>	<u>1,459,468</u>	<u>2,967,896</u>	<u>564,801</u>	<u>5,455,535</u>
Deferred inflows of resources					
Deferred pension related items	9,961	20,415	43,635	437	74,448
Deferred OPEB related items	<u>15,688</u>	<u>51,287</u>	<u>167,225</u>	<u>-</u>	<u>234,200</u>
Total deferred inflows of resources	<u>25,649</u>	<u>71,702</u>	<u>210,860</u>	<u>437</u>	<u>308,648</u>
Net position (deficit)					
Net investment in capital assets	122,237	-	-	10,052,322	10,174,559
Unrestricted	<u>390,148</u>	<u>(313,099)</u>	<u>(1,794,015)</u>	<u>2,269,756</u>	<u>552,790</u>
Total net position (deficit)	<u>\$ 512,385</u>	<u>\$ (313,099)</u>	<u>\$ (1,794,015)</u>	<u>\$ 12,322,078</u>	<u>\$ 10,727,349</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,001,404</u>	<u>\$ 1,218,071</u>	<u>\$ 1,384,741</u>	<u>\$ 12,887,316</u>	<u>\$ 16,491,532</u>

City of Brea, California  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Non-Major Enterprise Funds  
Year Ended June 30, 2023

	Urban Runoff	Sanitation	Information Technology External Support	Golf Course	Total
Operating revenues					
Charges for services	\$ 489,950	\$ 3,308,170	\$ 1,006,864	\$ 4,366,475	\$ 9,171,459
Fines and forfeitures	5,370	34,140	-	-	39,510
Other revenues	-	25,000	-	98	25,098
Total operating revenues	495,320	3,367,310	1,006,864	4,366,573	9,236,067
Operating expenses					
Personnel services	391,996	660,589	794,418	14,972	1,861,975
Maintenance and operation	217,831	3,226,916	167,242	3,483,358	7,095,347
Depreciation	438	-	-	80,914	81,352
Total operating expenses	610,265	3,887,505	961,660	3,579,244	9,038,674
Operating income (loss)	(114,945)	(520,195)	45,204	787,329	197,393
Nonoperating revenues (expenses)					
Intergovernmental revenues	-	11,288	-	-	11,288
Interest revenues (expense)	5,517	1,392	26,012	9,100	42,021
Total nonoperating revenues (expenses)	5,517	12,680	26,012	9,100	53,309
Income (loss) before contributions and transfers	(109,428)	(507,515)	71,216	796,429	250,702
Contributions and transfers					
Transfers in	-	152,688	-	49,245	201,933
Change in Net Position	(109,428)	(354,827)	71,216	845,674	452,635
Net Position (Deficit), Beginning of Year	621,813	41,728	(1,865,231)	11,476,404	10,274,714
Restatement of Net Position	-	-	-	-	-
Net Position (Deficit) at Beginning of Year	621,813	41,728	(1,865,231)	11,476,404	10,274,714
Net Position (Deficit), End of Year	\$ 512,385	\$ (313,099)	\$ (1,794,015)	\$ 12,322,078	\$ 10,727,349



City of Brea, California  
Combining Statement of Cash Flows  
Non-Major Enterprise Funds  
Year Ended June 30, 2023

	Urban Runoff	Sanitation	Information Technology External Support	Golf Course	Total
Operating Activities					
Cash received from customers and users	\$ 514,131	\$ 3,527,010	\$ 958,196	\$ 4,366,573	\$ 9,365,910
Cash payments to suppliers for goods and services	(219,628)	(3,091,912)	(163,300)	(3,766,472)	(7,241,312)
Cash payments to employees for services	(265,384)	(616,099)	(798,944)	(19,571)	(1,699,998)
Net Cash Provided by (used for) Operating Activities	29,119	(181,001)	(4,048)	580,530	424,600
Capital related financing activities					
Acquisition of capital assets	(18,064)	-	-	(90,379)	(108,443)
Net Cash Provided by (used for) Noncapital Financing Activities	(18,064)	-	-	(90,379)	(108,443)
Non-Capital Financing Activities					
Cash transfers in	-	152,688	-	49,245	201,933
Intergovernmental revenues	-	11,288	-	-	11,288
Net Cash Provided by (used for) Noncapital Financing Activities	-	163,976	-	49,245	213,221
Investing activities					
Interest received	5,517	1,392	26,012	9,100	42,021
Net Cash Provided by (used for) Investing Activities	5,517	1,392	26,012	9,100	42,021
Net Increase (Decrease) in Cash and Cash Equivalents	16,572	(15,633)	21,964	548,496	571,399
Cash and Cash Equivalents at Beginning of Year	677,711	400,601	603,622	2,281,395	3,963,329
Cash and Cash Equivalents at End of Year	\$ 694,283	\$ 384,968	\$ 625,586	\$ 2,829,891	\$ 4,534,728
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities					
Operating income (loss)	\$ (114,945)	\$ (520,195)	\$ 45,204	\$ 787,329	\$ 197,393
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation/amortization	438	-	-	80,914	81,352
(Increase) decrease in accounts receivable	18,811	159,700	(48,668)	-	129,843
(Decrease) increase in accounts payable	(4,190)	133,882	(264)	(283,062)	(153,634)
(Decrease) in accrued liabilities	2,393	1,122	4,206	(52)	7,669
(Decrease) increase in compensated absences	-	(3,096)	3,306	-	210
Net changes in pension related items	128,172	51,324	1,868	(4,599)	176,765
Net changes in OPEB related items	(1,560)	(3,738)	(9,700)	-	(14,998)
Total adjustments	144,064	339,194	(49,252)	(206,799)	227,207
Net cash provided by (used for) operating activities	\$ 29,119	\$ (181,001)	\$ (4,048)	\$ 580,530	\$ 424,600

Risk Management Fund

This fund is used to account for the costs of operating a self-insurance program for general liability, workers' compensation, long-term disability and unemployment compensation. Such costs to other departments are billed at a predetermined rate set annually during the budget process.

Information Technology Fund

This fund is used to account for the operations of the City's internal information technology division. Such costs are billed to the departments and/or division based upon a predetermined rate set during the budget process. This is a new fund that was established by management.

Vehicle Maintenance Fund

This fund was created to account for the costs of operating a maintenance facility for automotive equipment used by other City departments. Such costs to other departments are billed at a predetermined cost per mile charge that includes depreciation. This charge is set annually during the budget process. The Vehicle Maintenance Fund is responsible for financing replacement vehicles, as necessary.

Building Occupancy Fund

This fund is used to account for the costs of operating a building maintenance program for City facilities. Such costs to other departments are billed at a predetermined rate set annually during the budget process.

City of Brea, California  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2023

	Risk Management	Information Technology	Vehicle Replacement	Building Occupancy	Totals
<b>Assets</b>					
Current assets					
Cash and investments	\$ 8,684,351	\$ 1,306,675	\$ 4,149,330	\$ 1,377,871	\$ 15,518,227
Receivables:					
Accounts	68,037	-	22,913	-	90,950
Total current assets	8,752,388	1,306,675	4,172,243	1,377,871	15,609,177
Noncurrent assets					
Capital assets, net of accumulated depreciation	-	576,660	3,825,057	938,208	5,339,925
Total noncurrent assets	-	576,660	3,825,057	938,208	5,339,925
Total assets	8,752,388	1,883,335	7,997,300	2,316,079	20,949,102
Deferred Outflows of Resources					
Deferred pension related items	155,752	352,815	1,000,510	545,653	2,054,730
Deferred OPEB related items	22,560	181,169	56,625	72,705	333,059
Total deferred outflows of resources	178,312	533,984	1,057,135	618,358	2,387,789
Total assets and deferred outflows of resources	<u>\$ 8,930,700</u>	<u>\$ 2,417,319</u>	<u>\$ 9,054,435</u>	<u>\$ 2,934,437</u>	<u>\$ 23,336,891</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 13,341	\$ 61,088	\$ 88,087	\$ 160,488	\$ 323,004
Accrued liabilities	9,969	32,987	14,190	19,242	76,388
Compensated absences, due within one year	-	-	29,699	47,641	77,340
Claims and judgments, due within one year	1,940,722	-	-	-	1,940,722
Subscription IT liability, due within one year	-	15,785	-	-	15,785
Total current liabilities	1,964,032	109,860	131,976	227,371	2,433,239
Non-current liabilities					
Compensated absences, due in more than one year	-	-	9,900	15,880	25,780
Claims and judgments, due in more than one year	3,767,283	-	-	-	3,767,283
Net pension liability	532,887	1,207,113	3,423,127	1,866,887	7,030,014
Total OPEB liability	125,089	1,105,791	351,432	427,268	2,009,580
Subscription IT liability	-	16,226	-	-	16,226
Total non-current liabilities	4,425,259	2,329,130	3,784,459	2,310,035	12,848,883
Total liabilities	6,389,291	2,438,990	3,916,435	2,537,406	15,282,122
Deferred Inflows of Resources					
Deferred pension related items	13,324	30,181	85,587	46,677	175,769
Deferred OPEB related items	25,162	177,807	84,974	113,494	401,437
Total deferred inflows of resources	38,486	207,988	170,561	160,171	577,206
<b>Net Position</b>					
Net investment in capital assets	-	544,649	3,825,057	938,208	5,307,914
Unrestricted	2,502,923	(774,308)	1,142,382	(701,348)	2,169,649
Total net position	<u>\$ 2,502,923</u>	<u>\$ (229,659)</u>	<u>\$ 4,967,439</u>	<u>\$ 236,860</u>	<u>\$ 7,477,563</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 8,930,700</u>	<u>\$ 2,417,319</u>	<u>\$ 9,054,435</u>	<u>\$ 2,934,437</u>	<u>\$ 23,336,891</u>

City of Brea, California  
Combining Statement of Revenues, Expenditures and Changes in Net Position  
Internal Service Funds  
Year Ended June 30, 2023

	Risk Management	Information Technology	Vehicle Maintenance	Building Occupancy	Total
Operating Revenues					
Charge for service	\$ 4,625,097	\$ 2,654,518	\$ 2,995,874	\$ 2,551,331	\$ 12,826,820
Other revenues	21,063	-	5,622	135,753	162,438
Total operating revenues	4,646,160	2,654,518	3,001,496	2,687,084	12,989,258
Operating Expenses					
Personnel services	215,831	1,475,388	321,497	969,217	2,981,933
Maintenance and operation	1,546,343	986,100	4,211,833	1,929,432	8,673,708
Claims and judgements	2,278,418	-	-	-	2,278,418
Depreciation	-	148,677	613,900	135,486	898,063
Total operating expenses	4,040,592	2,610,165	5,147,230	3,034,135	14,832,122
Operating income (loss)	605,568	44,353	(2,145,734)	(347,051)	(1,842,864)
Nonoperating Revenues (Expenses)					
Interest revenue	37,607	5,900	13,745	8,376	65,628
Gain (loss) on disposal of capital assets	-	-	(3,855)	-	(3,855)
Total nonoperating revenues (expenses)	37,607	5,900	9,890	8,376	61,773
Income (loss) before transfers	643,175	50,253	(2,135,844)	(338,675)	(1,781,091)
Transfers:					
Transfers in	-	-	4,237,745	-	4,237,745
Total transfers	-	-	4,237,745	-	4,237,745
Change in Net Position	643,175	50,253	2,101,901	(338,675)	2,456,654
Net Position, Beginning of Year	1,859,748	(279,912)	2,865,538	575,535	5,020,909
Net Position, End of Year	\$ 2,502,923	\$ (229,659)	\$ 4,967,439	\$ 236,860	\$ 7,477,563

City of Brea, California  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2023

	Risk Management	Information Technology	Vehicle Maintenance	Building Occupancy	Total
Operating Activities					
Cash received from users and departments	\$ 4,673,020	\$ 2,654,518	\$ 3,010,944	\$ 2,715,435	\$ 13,053,917
Cash payments to suppliers for goods and services	(1,506,990)	(1,036,016)	(2,891,417)	(1,522,595)	(6,957,018)
Cash payments to employees for services	(2,239,353)	(1,451,448)	(1,987,527)	(1,341,716)	(7,020,044)
Net Cash Provided by (used for) Operating Activities	926,677	167,054	(1,868,000)	(148,876)	(923,145)
Non-Capital Financing Activities					
Intergovernmental revenues	-	-	4,237,745	-	4,237,745
Net Cash Provided by (used for) Noncapital Financing Activities	-	-	4,237,745	-	4,237,745
Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	(119,482)	(1,020,403)	(2,469)	(1,142,354)
Principal and interest paid on long-term debt	-	(16,680)	-	-	(16,680)
Net Cash Provided by (used for) Capital and Related Financing Activities	-	(136,162)	(1,020,403)	(2,469)	(1,159,034)
Investing Activities:					
Interest received	37,607	5,900	13,745	8,376	65,628
Net Increase (Decrease) in Cash and Cash Equivalents	964,284	36,792	1,363,087	(142,969)	2,221,194
Cash and Cash Equivalents at Beginning of Year	7,720,067	1,269,883	2,786,243	1,520,840	13,297,033
Cash and Cash Equivalents at End of Year	\$ 8,684,351	\$ 1,306,675	\$ 4,149,330	\$ 1,377,871	15,518,227
Reconciliation of operating income to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 605,568	\$ 44,353	\$ (2,145,734)	\$ (347,051)	\$ (1,842,864)
Adjustments to reconcile operating income (loss) net cash provided by (used for) operating activities:					
Depreciation	-	148,677	613,900	135,486	898,063
(Increase ) decrease in accounts receivable	26,860	-	9,448	-	36,308
(Increase) decrease in due from other governments	-	-	-	-	-
Increase (decrease) in accounts payable	(35,576)	45,039	(34,217)	44,221	19,467
Increase (decrease) in accrued liabilities	1,883	8,371	4,542	2,774	17,570
Increase (decrease) in claims and judgements	420,913	-	-	-	420,913
Increase (decrease) in compensated absences	-	-	(539)	(15,870)	(16,409)
Net changes in pension related items	(90,453)	(59,816)	(307,387)	42,970	(414,686)
Net changes in OPEB related items	(2,518)	(19,570)	(8,013)	(11,406)	(41,507)
Total adjustments	321,109	122,701	277,734	198,175	919,719
Net cash provided by (used for) operating activities	\$ 926,677	\$ 167,054	\$ (1,868,000)	\$ (148,876)	\$ (923,145)

Hillside Open Space Education Coalition

This fund is used to account for the funds received to educate the public as to the importance of hillside preservation.

Downtown Community Facilities District 1996-1 Fund

This fund is used to account for the collection and payment to the holders of the 2014 Special Tax Bonds.

Olinda Heights Community Facilities District 1997-1 Fund

This fund is used to account for the collection and payment to the holders of the 2005 Special Tax Bonds.

Brea Plaza Community Facilities District 2008-02 Fund

This fund is used to account for the collection and payment to the holders of the 2017 Special Tax Bonds.

Integrated Law and Justice Agency of Orange County (ILJAO) Fund

This fund is used to account for the collections and payments related to a joint venture agreement with several other public agencies of Orange County. The City acts as a treasurer for the ILJAO.

Orange County City Managers Association (OCCMA) Fund

This fund is used to account for the collections and payments related to the OCCMA. The City acts as the treasurer for the OCCMA.

North Orange County Public Safety Collaborative (NOC) Fund

This fund is used to account for the state funds related to NOC. The City acts as the fiduciary for the NOC.

City of Brea, California  
Combining Balance Sheet  
Custodial Funds  
June 30, 2023

	Hillside Open Space Education Coalition	Downtown	Olinda Heights	Brea Plaza
Assets				
Cash and investments	\$ 564,125	\$ 2,256	\$ 396,994	\$ 447,678
Receivables				
Taxes	-	-	6,040	-
Accounts	-	-	-	-
Due from other agencies				
Prepaid items	-	-	-	-
Restricted assets				
Cash and investments with fiscal agents	-	-	43	660,503
Capital assets				
Capital assets, net of accumulated depreciation	-	-	-	-
Total assets	564,125	2,256	403,077	1,108,181
Liabilities				
Accounts payable	30	-	-	-
Accrued liabilities	544,586	-	945	402
Total liabilities	544,616	-	945	402
Fiduciary Net Position				
Restricted for individuals, organizations, and other governments	\$ 19,509	\$ 2,256	\$ 402,132	\$ 1,107,779
				(continued)

City of Brea, California  
Combining Balance Sheet  
Custodial Funds  
June 30, 2023

	NOC	ILJAOC	OCCMA	Total
Assets				
Cash and investments	\$ 8,001,743	\$ 5,006,490	\$ 49,552	\$ 14,468,838
Receivables				
Taxes	-	-	-	6,040
Accounts	29,834	40,225	-	70,059
Due from other agencies		-	100	100
Prepaid items	-	9,465	-	9,465
Restricted assets				
Cash and investments with fiscal agents	-	-	-	660,546
Capital assets				
Capital assets, net of accumulated depreciation	-	2,282	-	2,282
Total assets	8,031,577	5,058,462	49,652	15,217,330
Liabilities				
Accounts payable	596	380,824	6,406	387,856
Accrued liabilities	1,445	-	-	547,378
Total liabilities	2,041	380,824	6,406	935,234
Fiduciary Net Position				
Restricted for individuals, organizations, and other governments	\$ 8,029,536	\$ 4,677,638	\$ 43,246	\$ 14,282,096



City of Brea, California  
Combining Statement of Changes in Fiduciary Net Position  
Custodial Funds  
Year Ended June 30, 2023

	Hillside Open Space Education Coalition	Downtown	Olinda Heights	Brea Plaza
Additions				
Special assessment	\$ -	\$ -	\$ 411,831	\$ 582,230
Member contributions	-	-	240	-
Interest income	2,928	(21)	-	(8,056)
Miscellaneous	-	8	-	-
Total additions	2,928	(13)	412,071	574,174
Deductions				
Administrative	1,222	-	51,099	32,238
Principal payments	-	-	250,000	235,000
Interest expense	-	-	94,250	288,169
Capital expenses	-	-	-	-
Total deductions	1,222	-	395,349	555,407
Changes in fiduciary net position	1,706	(13)	16,722	18,767
Net position				
Beginning fiduciary net position	17,803	2,269	385,410	1,089,012
Ending fiduciary net position	<u>\$ 19,509</u>	<u>\$ 2,256</u>	<u>\$ 402,132</u>	<u>\$ 1,107,779</u>

(continued)

City of Brea, California  
Combining Statement of Changes in Fiduciary Net Position (Continued)  
Custodial Funds  
Year Ended June 30, 2023

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	NOC	ILJAOC	OCCMA	Total
Additions				
Special assessment	\$ -	\$ -	\$ -	\$ 994,061
Member contributions	8,058,122	1,342,756	33,066	9,434,184
Interest income	(24,855)	102,387	375	72,758
Miscellaneous	-	58,331	42,763	101,102
Total additions	8,033,267	1,503,474	76,204	10,602,105
Deductions				
Administrative	2,040	1,454,924	90,082	1,631,605
Principal payments	-	-	-	485,000
Interest expense	1,691	-	-	384,110
Capital expenses	-	22,383	-	22,383
Total deductions	3,731	1,477,307	90,082	2,523,098
Changes in fiduciary net position	8,029,536	26,167	(13,878)	8,079,007
Net position				
Beginning fiduciary net position	-	4,651,471	57,124	6,203,089
Ending fiduciary net position	<u>\$ 8,029,536</u>	<u>\$ 4,677,638</u>	<u>\$ 43,246</u>	<u>\$ 14,282,096</u>

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## Statistical Section

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This part of the City of Brea’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

## **Contents**

### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **Operating Information**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.*

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**CITY OF BREA**

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Governmental Activities										
Net investment in capital assets	\$ 164,750,324	\$ 158,976,819	\$ 165,493,107	\$ 170,548,467	\$ 204,322,724	\$ 202,990,193	\$ 215,840,370	\$ 207,378,698	\$ 209,037,834	\$ 208,081,095
Restricted	48,418,876	56,883,753	54,629,374	52,867,078	52,729,420	44,544,588	59,862,606	54,214,155	45,160,707	45,252,026
Unrestricted	30,997,188	(64,027,907)	(58,217,717)	(57,154,376)	(76,701,929)	(69,878,160)	(91,248,810)	(79,365,186)	(23,291,146)	(16,320,573)
Total governmental activities net position	\$ 244,166,388	\$ 151,832,665	\$ 161,904,764	\$ 166,261,169	\$ 180,350,215	\$ 177,656,621	\$ 184,454,166	\$ 182,227,667	\$ 230,907,395	\$ 237,012,548
Business-type Activities										
Net investment of capital assets	\$ 31,396,904	\$ 33,367,826	\$ 33,174,074	\$ 42,091,695	\$ 58,347,144	\$ 55,408,764	\$ 61,114,088	\$ 27,842,597	\$ 89,469,528	\$ 96,873,414
Restricted	5,213,677	6,203,193	6,165,829	5,641,012	5,657,518	5,843,171	2,132,985	2,285,353	2,179,014	2,213,477
Unrestricted	19,603,041	8,603,346	12,637,920	14,392,925	15,322,371	26,097,664	29,126,601	77,820,553	29,138,242	24,260,951
Total business-type activities net position	\$ 56,213,622	\$ 48,174,365	\$ 51,977,823	\$ 62,125,632	\$ 79,327,033	\$ 87,349,599	\$ 92,373,674	\$ 107,948,503	\$ 120,786,784	\$ 123,347,842
Primary Government										
Net investment of capital assets	\$ 196,147,228	\$ 192,344,645	\$ 198,667,181	\$ 212,640,162	\$ 262,669,868	\$ 258,398,957	\$ 276,954,458	\$ 235,221,295	\$ 298,507,362	\$ 304,954,509
Restricted	53,632,553	63,086,946	60,795,203	58,508,090	58,386,938	50,387,759	61,995,591	56,499,508	47,339,721	47,465,503
Unrestricted	50,600,229	(55,424,561)	(45,579,797)	(42,761,451)	(61,379,558)	(43,780,496)	(62,122,209)	(1,544,633)	5,847,096	7,940,378
Total primary government net position	\$ 300,380,010	\$ 200,007,030	\$ 213,882,587	\$ 228,386,801	\$ 259,677,248	\$ 265,006,220	\$ 276,827,840	\$ 290,176,170	\$ 351,694,179	\$ 360,360,390



**CITY OF BREA**

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 7,352,190	\$ 7,569,787	\$ 7,297,652	\$ 7,758,276	\$ 6,679,825	\$ 7,546,630	\$ 8,738,602	\$ 7,987,050	\$ 4,209,806	\$ 9,466,893
Public safety	31,408,789	32,409,727	31,372,155	33,938,469	40,137,072	41,777,845	45,285,893	42,671,837	2,479,739	45,981,340
Community Development	5,201,569	2,836,727	3,010,978	3,403,082	3,784,020	3,410,346	3,905,234	3,368,772	707,641	2,888,919
Community services	7,023,682	7,441,012	7,267,829	7,598,666	8,054,662	8,442,748	9,077,264	7,202,383	5,187,919	10,309,313
Public Works	10,092,864	12,367,078	13,544,061	16,306,542	18,324,571	16,207,579	4,222,899	14,390,950	9,072,608	16,514,002
Interest on long-term debt	458,021	435,772	435,207	414,974	380,159	78,066	349,806	161,293	282,769	27,156
Total governmental activities expenses	61,537,115	63,060,103	62,927,882	69,420,009	77,360,309	77,463,214	71,579,698	75,782,285	21,940,482	85,187,623
Business-type activities:										
Urban run-off	310,717	388,493	415,328	376,623	396,030	422,699	356,600	388,559	247,623	620,593
Water utility	16,048,442	15,752,822	14,085,433	14,882,443	17,306,036	18,136,961	17,197,843	19,767,041	16,082,429	16,847,646
Sewer utility	1,525,820	1,575,738	1,590,905	1,630,319	1,896,662	2,623,606	2,086,307	1,997,061	547,069	2,645,816
Sanitation	2,849,515	2,910,840	2,937,684	3,045,308	3,283,613	3,450,228	3,638,796	3,667,210	1,603,331	4,008,519
Information Technology External Support	1,228,919	1,240,462	1,312,899	1,724,116	1,790,154	1,656,765	1,599,359	1,024,382	(279,366)	952,912
Golf Course	-	-	-	-	-	-	-	2,884,293	3,925,036	3,579,244
Total business-type activities expenses	21,963,413	21,868,355	20,342,249	21,658,809	24,672,495	26,290,259	24,878,905	29,728,546	22,126,122	28,654,730
Total primary government expenses	\$ 83,500,528	\$ 84,928,458	\$ 83,270,131	\$ 91,078,818	\$ 102,032,804	\$ 103,753,473	\$ 96,458,603	\$ 105,510,831	\$ 44,066,604	\$ 113,842,353
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,631,098	\$ 1,663,401	\$ 1,765,913	\$ 1,605,816	\$ 1,403,754	\$ 1,137,478	\$ 2,117,359	\$ 1,296,032	\$ 1,235,741	\$ 514,792
Public safety	1,533,213	1,376,553	1,282,646	1,297,025	1,689,176	1,392,205	996,068	777,596	846,870	729,739
Community Development	1,092,041	998,141	1,577,964	2,151,955	4,619,615	1,048,258	1,530,959	1,058,408	756,751	595,142
Community services	4,672,523	5,640,412	3,021,505	2,818,718	3,023,144	3,117,696	1,353,397	1,088,410	1,668,359	2,103,722
Public Works	1,909,409	1,706,630	1,257,168	1,610,889	506,348	237,689	1,684,711	197,022	3,088,349	2,742,326
Operating contributions and grants	3,502,773	3,238,366	3,399,311	2,632,718	3,964,816	5,210,335	6,814,195	12,230,204	5,445,862	10,787,980
Capital contributions and grants	1,187,623	3,908,617	2,336,984	5,668,485	43,192,575	4,959,143	6,319,418	3,239,077	2,792,309	1,814,783
Total governmental activities program revenues	15,528,680	18,532,120	14,641,491	17,785,606	58,399,428	17,102,804	20,816,107	19,886,749	15,834,241	19,288,484
Business-type activities:										
Charges for services:										
Urban run-off	380,256	384,523	402,205	412,086	418,426	444,857	455,330	457,378	476,329	495,320
Water utility	18,813,373	18,242,242	16,520,362	20,098,490	22,885,107	21,870,826	21,483,133	23,635,320	23,134,358	20,359,095
Sewer utility	2,136,760	2,141,422	2,236,813	2,322,756	2,239,774	2,593,670	2,496,874	2,496,871	2,608,205	3,029,057
Sanitation	3,317,183	3,431,013	3,531,648	3,584,153	3,727,950	2,969,334	3,198,072	3,349,980	3,418,855	3,367,310
Information Technology External Support	1,472,730	1,532,097	1,807,305	1,959,634	1,695,050	1,380,895	1,000,093	1,051,148	880,372	1,006,864
Golf Course	-	-	-	-	-	-	-	4,311,445	4,386,528	4,366,573
Operating contributions and grants	11,371	-	11,371	525,165	501,959	501,990	11,371	22,888	127,648	11,288
Capital contributions and grants	1,209,000	1,521,000	-	-	14,285,715	2,705,537	-	-	-	-
Total business-type activities program revenues	27,340,673	27,252,297	24,509,704	28,902,284	45,753,981	32,467,109	28,644,873	35,325,030	35,032,295	32,635,507
Primary government program revenues	\$ 42,869,353	\$ 45,784,417	\$ 39,151,195	\$ 46,687,890	\$ 104,153,409	\$ 49,569,913	\$ 49,460,980	\$ 55,211,779	\$ 50,866,536	\$ 51,923,991

Changes in Net Position Cont'd  
CITY OF BREA

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (46,008,435)	\$ (44,527,983)	\$ (48,286,391)	\$ (51,634,403)	\$ (18,960,881)	\$ (60,360,410)	\$ (50,763,591)	\$ (55,895,536)	\$ (6,106,241)	\$ (65,899,139)
Business-type activities	5,377,260	5,383,942	4,167,455	7,243,475	21,081,486	6,176,850	3,765,968	5,596,484	12,906,173	3,980,777
Total primary government net expense	\$ (40,631,175)	\$ (39,144,041)	\$ (44,118,936)	\$ (44,390,928)	\$ 2,120,605	\$ (54,183,560)	\$ (46,997,623)	\$ (50,299,052)	\$ 6,799,932	\$ (61,918,362)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 13,314,758	\$ 14,627,073	\$ 16,656,050	\$ 17,887,984	\$ 19,357,620	\$ 20,667,280	\$ 22,029,810	\$ 24,060,158	\$ 24,423,764	\$ 27,008,433
Transient occupancy taxes	1,513,160	1,591,839	1,605,590	1,716,180	1,786,589	1,805,609	1,352,527	1,050,303	1,777,438	2,230,007
Sales taxes	20,657,918	20,572,655	21,611,873	21,200,598	19,235,559	23,319,589	21,495,924	21,479,210	24,098,002	28,812,030
Franchise taxes	1,682,274	1,625,872	1,589,950	1,680,293	1,594,432	2,550,523	2,485,834	2,372,747	2,621,096	2,833,149
Business licenses taxes	1,054,054	1,035,220	1,101,915	1,078,509	1,107,537	1,110,975	1,036,931	994,727	1,090,315	1,145,905
Other taxes	860,520	977,074	797,475	392,075	579,840	484,664	430,231	441,622	651,010	329,456
Motor vehicle in lieu	68,846	69,978	72,551	75,398	79,899	79,772	78,478	107,321	110,178	110,277
Use of money and property	802,974	686,757	1,602,076	1,110,886	1,482,370	3,840,130	4,087,504	3,467,362	(3,486,383)	3,911,184
Gain on sale of assets	76,461	31,396	83,139	(1,731)	23,639	108,661	68,909	168,580	26,322	274,083
Other	1,812,159	1,713,163	3,891,552	9,725,201	3,686,032	4,215,913	4,242,750	4,252,757	4,554,597	3,624,522
Extraordinary gain on dissolution of Redevelopment Agency <sup>1</sup>	-	(944,392)	-	-	-	-	-	-	-	-
Transfers	892,239	1,525,979	1,590,527	1,125,415	450,000	(516,300)	252,238	(4,639)	(745,061)	1,725,246
Total governmental activities	42,735,363	43,512,614	50,602,698	55,990,808	49,383,517	57,666,816	57,561,136	58,390,148	55,121,278	72,004,292
Business-type activities:										
Use of money and property	125,999	151,348	303,514	(23,077)	(25,014)	1,240,123	1,491,758	120,888	(941,040)	236,871
Gain on sale of assets	-	-	-	-	-	-	18,587	67,962	45,416	68,656
Other	1,362,633	580,062	401,566	250,269	44,024	89,293	-	82,890	82,671	
Transfers	(892,239)	(1,525,979)	(1,590,527)	(1,125,415)	(450,000)	516,300	(252,238)	4,639	745,061	(1,725,246)
Total business-type activities	596,393	(794,569)	(885,447)	(898,223)	(430,990)	1,845,716	1,258,107	276,379	(67,892)	(1,419,719)
Total primary government	\$ 43,331,756	\$ 42,718,045	\$ 49,717,251	\$ 55,092,585	\$ 48,952,527	\$ 59,512,532	\$ 58,819,243	\$ 58,666,527	\$ 55,053,386	\$ 70,584,573
<b>Change in Net Position:</b>										
Governmental activities	\$ (3,273,072)	\$ (1,015,369)	\$ 2,316,307	\$ 4,356,405	\$ 30,422,636	\$ (2,693,594)	\$ 6,797,545	\$ 2,494,629	\$ 49,015,037	\$ 6,105,153
Business-type activities	5,973,653	4,589,373	3,282,008	6,345,252	20,650,496	8,022,566	5,024,075	5,872,863	12,838,281	2,561,058
Total primary government	\$ 2,700,581	\$ 3,574,004	\$ 5,598,315	\$ 10,701,657	\$ 51,073,132	\$ 5,328,972	\$ 11,821,620	\$ 8,367,492	\$ 61,853,318	\$ 8,666,211

<sup>1</sup>During the fiscal year ended June 30, 2012, the assets, liabilities and fund balances of the Brea Redevelopment Agency were transferred to the Successor Agency on February 1, 2012, as a result of the dissolution of Redevelopment Agencies in California.

## CITY OF BREA

## FUND BALANCES - GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
General Fund										
Nondisposable	\$ 1,096,665	\$ 856,591	\$ 615,605	\$ 412,659	\$ 139,562	\$ 8,826	\$ 2,485	\$ 14,960	\$ 591	\$ 60
Restricted	1,161,494	1,392,800	7,448,016	8,201,746	8,112,011	8,661,782	8,883,451	11,337,663	9,743,633	10,634,967
Committed	8,649,210	8,616,218	9,091,623	-	867,841	980,101	1,353,559	1,388,993	1,382,302	1,443,668
Assigned	800,857	573,064	590,815	11,316,072	12,270,563	12,777,708	11,807,691	11,914,029	12,010,304	11,633,475
Unassigned	21,046,657	23,586,834	19,154,869	14,077,609	14,703,360	21,203,689	19,891,467	29,410,655	25,265,822	29,344,926
Total general fund	<u>\$ 32,754,883</u>	<u>\$ 35,025,507</u>	<u>\$ 36,900,928</u>	<u>\$ 34,008,086</u>	<u>\$ 36,093,337</u>	<u>\$ 43,632,106</u>	<u>\$ 41,938,653</u>	<u>\$ 54,066,300</u>	<u>\$ 48,402,652</u>	<u>\$ 53,057,096</u>
All Other Governmental Funds										
Nondisposable	\$ 18,212,052	\$ 18,067,123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -
Restricted	29,045,330	28,721,740	47,181,358	44,665,332	44,617,410	43,625,108	50,392,782	46,045,148	33,150,403	45,252,026
Assigned	-	-	-	-	-	-	-	-	12,010,304	-
Unassigned	(89,971)	(78,497)	(79,171)	(19,272)	(9,653)	(27,156)	(98,401)	(152,390)	(206,320)	(177,705)
Total all other governmental funds	<u>\$ 47,167,411</u>	<u>\$ 46,710,366</u>	<u>\$ 47,102,187</u>	<u>\$ 44,646,060</u>	<u>\$ 44,607,757</u>	<u>\$ 43,597,952</u>	<u>\$ 50,294,381</u>	<u>\$ 45,892,758</u>	<u>\$ 44,955,387</u>	<u>\$ 45,074,321</u>

## CITY OF BREA

## CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<b>Revenues:</b>										
Taxes	\$ 35,621,119	\$ 37,453,770	\$ 40,526,309	\$ 40,215,974	\$ 41,074,462	\$ 47,100,463	\$ 45,845,391	\$ 47,267,539	\$ 51,499,865	\$ 59,116,813
Licenses and permits	608,664	645,054	782,250	870,940	584,841	606,355	823,019	451,865	350,510	393,659
Intergovernmental	5,921,198	7,992,057	10,535,171	9,506,268	24,323,998	15,360,014	19,156,439	18,725,429	12,999,812	17,052,662
Contributions	199,811	497,304	2,080	535	105,514	102,886	-	-	-	-
Charges for services	7,416,279	8,125,141	5,451,452	6,188,947	8,008,055	3,953,235	6,239,512	2,225,756	3,691,879	3,652,877
Use of money and property	2,580,210	2,379,065	2,778,480	2,542,341	1,914,998	4,445,507	4,154,607	3,282,919	(3,333,344)	3,857,495
Fines and forfeitures	1,067,593	842,001	790,247	597,476	824,358	892,120	405,841	550,471	635,774	330,578
Other revenues	2,907,555	3,025,883	2,852,006	5,462,816	3,660,707	3,424,423	4,422,384	4,241,978	5,823,553	4,919,924
Total revenues	56,322,429	60,960,275	63,717,995	65,385,297	80,496,933	75,885,003	81,047,193	76,745,957	71,668,049	89,324,008
<b>Expenditures:</b>										
General Government	5,479,851	5,635,476	5,751,038	5,645,218	5,365,030	5,867,534	7,132,329	5,384,946	7,769,057	9,143,355
Public Safety	31,461,089	31,340,804	33,095,380	34,377,568	35,511,682	36,294,416	38,848,662	39,623,318	41,750,889	44,212,147
Community Development	5,206,914	2,853,942	3,191,325	3,470,595	3,469,989	3,040,469	3,394,609	3,186,707	3,139,570	2,873,049
Community Services	6,450,201	6,750,909	7,048,955	7,395,363	7,284,303	7,540,687	7,584,500	6,607,980	8,269,116	9,612,938
Public Works	4,925,155	5,200,858	5,456,277	5,778,004	5,390,103	5,377,987	6,880,759	6,229,636	9,081,410	9,795,758
Capital Outlay	7,350,289	8,129,441	9,372,430	14,808,389	21,198,635	9,524,720	8,631,178	11,090,335	6,417,881	6,346,656
Debt service:										
Principal retirement	350,000	370,000	618,132	410,411	435,389	465,458	2,595,619	295,873	330,152	118,266
Interest and fiscal charges	439,402	416,792	420,772	397,243	383,551	368,468	351,681	197,523	162,385	92,968
Transfer to Successor Agency	-	-	-	-	-	-	-	1,391,670	-	-
Total expenditures	61,662,901	60,698,222	64,954,309	72,282,791	79,038,682	68,479,739	75,419,337	74,007,988	76,920,460	82,195,137
Excess (deficiency) of revenues over (under) expenditures	(5,340,472)	262,053	(1,236,314)	(6,897,494)	1,458,251	7,405,264	5,627,856	2,737,969	(5,252,411)	7,128,871
<b>Other Financing Sources (Uses):</b>										
Transfers in	5,890,552	6,507,993	4,378,333	10,082,394	5,791,699	3,143,969	4,799,670	9,563,936	4,877,737	6,064,027
Transfers out	(4,934,249)	(4,956,467)	(2,826,881)	(8,533,869)	(5,203,002)	(4,020,269)	(5,424,295)	(9,568,575)	(5,745,798)	(8,576,526)
Sale of capital assets	7,460	-	-	-	-	-	-	11,601	10,240	9,331
Capital leases	-	-	1,952,104	-	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-	2,220,000	147,675
Refunded debt redeemed	-	-	-	-	-	-	-	-	(2,760,000)	-
Bond premium	-	-	-	-	-	-	-	-	530,190	-
Cost of issuance	-	-	-	-	-	-	-	-	(145,663)	-
Total other financing sources (uses)	963,763	1,551,526	3,503,556	1,548,525	588,697	(876,300)	(624,625)	6,962	(1,013,294)	(2,355,493)
Net change in fund balances	\$ (4,376,709)	\$ 1,813,579	\$ 2,267,242	\$ (5,348,969)	\$ 2,046,948	\$ 6,528,964	\$ 5,003,231	\$ 2,744,931	\$ (6,265,705)	\$ 4,773,378
Debt service as a percentage of noncapital expenditures	1.43%	1.41%	1.87%	1.41%	1.42%	1.41%	4.43%	0.78%	0.70%	0.28%

## CITY OF BREA

### ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other Property <sup>1</sup>	Total Taxable Assessed Value <sup>2</sup>	Total Direct Tax Rate
2014	\$3,927,143,843	\$1,569,625,782	\$1,112,039,475	\$ 839,411,616	\$7,448,220,716	0.17402
2015	4,377,268,712	1,580,151,775	1,167,513,932	826,734,462	7,951,668,881	0.17402
2016	4,945,219,822	1,670,210,797	1,168,849,914	740,725,273	8,525,005,806	0.17402
2017	5,359,064,633	1,725,644,969	1,264,334,778	775,342,859	9,124,387,239	0.17402
2018	5,598,174,721	1,844,339,813	1,437,177,754	774,675,165	9,654,367,453	0.17402
2019	6,016,606,483	1,998,943,577	1,491,711,794	757,185,866	10,264,447,720	0.17402
2020	6,407,150,882	2,063,879,311	1,630,616,856	797,206,400	10,898,853,449	0.17402
2021	6,659,815,739	2,179,834,530	1,705,370,536	777,646,078	11,322,666,883	0.17402
2022	6,920,919,399	2,292,085,820	1,786,413,204	824,597,074	11,824,015,497	0.17402
2023	7,456,222,358	2,432,549,009	1,851,067,772	768,105,605	12,507,944,744	0.17402

<sup>1</sup> Other property includes recreational, institutional, vacant, and miscellaneous property.

<sup>2</sup> Tax-exempt property is excluded from the total taxable assessed value.

#### NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Sources: HdL Coren & Cone; Orange County Assessor

## CITY OF BREA

### DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
City Direct Rates:										
City of Brea	\$ 0.12902	\$ 0.12902	\$ 0.12902	\$ 0.12902	\$ 0.12902	\$ 0.12902	\$ 0.12902	\$ 0.12902	\$ 0.12902	\$ 0.12902
City of Brea Paramedics Tax <sup>1</sup>	0.04500	0.04500	0.04500	0.04500	0.04500	0.04500	0.04500	0.04500	0.04500	0.04500
Total City Direct Rate	0.17402	0.17402	0.17402	0.17402	0.17402	0.17402	0.17402	0.17402	0.17402	0.17402
Overlapping Rates:										
Brea-Olinda Unified School District General Fund	0.43990	0.43990	0.43990	0.43990	0.43990	0.43990	0.43990	0.43990	0.43990	0.43990
Brea-Olinda Unified School District Bonds	0.02470	0.02528	0.02292	0.02298	0.02325	0.02370	0.02291	0.02489	0.02376	0.02412
NOC Community College General Fund	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660
NOC Community College Bonds	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704
Educational Revenue Augmentation Fund	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260
Orange County Department of Education	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910
Orange County Flood Control District	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888
Orange County General Fund	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890
Orange County Harbors, Beaches & Parks	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459
Orange County Library District	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592
Orange County Sanitation District Two Operating	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080
Orange County Transportation Authority	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268
Orange County Vector Control	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Total Direct Rate	\$ 1.09030	\$ 1.09088	\$ 1.08852	\$ 1.08858	\$ 1.08885	\$ 1.08930	\$ 1.08851	\$ 1.09049	\$ 1.08936	\$ 1.08972

<sup>1</sup> The City of Brea Paramedic Tax rate is per \$100 of assessed value.

#### NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of bonded debt and property tax overrides.

The Redevelopment Agency tax rate is not presented above in that property within the project area is subject to a tax rate of 1.0495%, which includes the Proposition 13 property tax rate of 1.00% and the applicable voter approved debt.

Source: HdL Coren & Cone, Orange County Assessor Combined Tax Rolls

**CITY OF BREA**

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Fiscal Year 2022-23			Fiscal Year 2013-14		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Retail Property Trust	\$ 268,907,121	1	2.12%	\$ 230,921,108	1	3.04%
Olen Pointe Brea LLC	182,416,408	2	1.44%	101,127,576	5	1.33%
RAR2 200 North Puente LLC	180,808,388	3	1.42%	105,773,995	3	1.39%
Amazon Com Services, LLC	165,026,584	4	1.30%			
USCMF Joule La Floresta LLC	110,271,382	5	0.87%			
Beckman Coulter Inc.	109,572,853	6	0.86%	166,592,080	2	2.19%
Avalon Brea Place, LLC	106,669,841	7	0.84%			
FW CA-Brea Marketplace LLC	105,546,764	8	0.83%	99,241,681	6	1.31%
Brea Place II LLC	97,646,240	9	0.77%			
Brea Union Plaza II LLC	96,132,016	10	0.76%	72,439,050	7	0.95%
ICE Holdings LLC				51,604,049	10	0.68%
Acquiport Brea LP				103,415,758	4	1.36%
New Albertson's Inc.				66,782,203	9	0.88%
Mills Acquisition Company				71,786,874	8	0.95%
	<u>\$ 1,422,997,597</u>		<u>11.21%</u>	<u>\$ 1,069,684,374</u>		<u>14.08%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Sources: HdL Coren & Cone, County of Orange Assessor's Office

# CITY OF BREa

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 13,412,523	\$ 13,173,993	98.22	\$ 140,765	\$ 13,314,758	99.27
2015	14,720,458	14,481,121	98.37	145,952	14,627,073	99.37
2016	16,669,635	16,489,408	98.92	166,642	16,656,050	99.92
2017	17,274,771	16,771,004	97.08	172,238	16,943,242	98.08
2018	19,516,778	19,193,847	98.35	163,773	19,357,620	99.18
2019	20,815,715	20,526,862	98.61	140,418	20,667,280	99.29
2020	22,223,439	21,836,049	98.26	193,761	22,029,810	99.13
2021	24,227,814	23,892,502	98.62	167,656	24,060,158	99.31
2022	24,790,572	24,686,602	99.58	262,838	24,423,764	98.52
2023	27,345,697	27,238,873	99.61	230,440	27,008,433	98.77

### NOTE:

The amounts presented include property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: County of Orange Auditor Controller's Office



## CITY OF BREA

### TAXABLE SALES BY CATEGORY LAST TEN FISCAL YEARS

<u>Category</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Department Stores	\$ 3,000,876	\$ 3,020,454	\$ 2,959,079	\$ 2,827,804	\$ 2,576,479	\$ 2,496,605	\$ 2,024,839	\$ 1,963,194	\$ 2,350,485	\$ 2,381,399
Restaurant	2,082,644	2,159,263	2,258,542	2,305,596	2,512,626	2,441,525	2,129,793	1,981,935	2,741,013	2,933,868
Light Industry	2,142,298	2,049,527	2,171,917	2,158,761	2,000,878	2,162,541	2,220,495	2,431,072	2,720,925	3,404,263
Building Materials-Wholesale	1,676,631	1,799,592	2,051,748	2,116,119	2,071,993	2,251,101	2,264,618	2,176,465	2,455,321	3,234,000
Apparel Stores	1,697,734	1,732,123	1,696,435	1,676,921	1,589,063	1,608,941	1,298,914	1,118,845	1,503,442	1,423,355
Miscellaneous Retail	1,707,983	1,779,009	1,652,697	1,558,413	1,575,008	1,430,115	1,160,807	1,222,469	1,561,652	1,523,628
Furniture/Appliance	686,308	801,114	763,158	810,168	976,083	1,071,240	895,046	685,518	936,838	1,169,919
Service Stations	1,001,724	844,593	712,761	674,913	705,984	740,148	603,696	494,880	797,492	775,577
Food Markets	358,917	358,917	469,420	488,165	437,616	421,421	430,868	528,657	480,219	497,257
Building Materials-Retail	450,013	446,278	470,340	472,178	500,971	430,202	396,907	527,090	512,632	516,627
Heavy Industry	346,253	356,465	408,035	359,099	674,914	745,514	633,444	726,287	615,256	676,688
Auto Sales-New	330,614	315,306	288,732	441,956	534,567	2,522,614	2,173,665	1,340,847	2,291,054	2,567,695
Other	1,774,919	1,805,690	1,922,933	1,927,869	1,680,294	1,800,006	5,262,832	6,281,952	5,131,673	7,707,754
Total	<u>\$ 17,256,914</u>	<u>\$ 17,468,331</u>	<u>\$ 17,825,797</u>	<u>\$ 17,817,962</u>	<u>\$ 17,836,476</u>	<u>\$ 20,121,973</u>	<u>\$ 21,495,924</u>	<u>\$ 21,479,211</u>	<u>\$ 24,098,002</u>	<u>\$ 28,812,030</u>

**NOTE:**

Totals do not include portion of State and County pool as well as the impact of the State Triple Flip.

Source: MuniServices until 2019. Beginning in 2020 Avenu Insights & Analytics Company

CITY OF BREA

**RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Governmental Activities			Business-Type Activities		Percentage of Personal Income <sup>3</sup>	Debt Per Capita <sup>3</sup>
	Lease Revenue Bonds	Capital Leases <sup>2</sup>	Total Governmental Activities	Water Revenue Bonds <sup>1</sup>	Total Primary Government		
2014	\$ 2,760,000	\$ 4,169,409	\$ 6,929,409	\$ 35,350,000	\$ 42,279,409	1.83%	997
2015	2,760,000	3,652,690	6,412,690	52,890,000	59,302,690	2.48%	1,369
2016	2,760,000	4,833,071	7,593,071	53,325,495	60,918,566	2.41%	1,394
2017	2,760,000	4,261,876	7,021,876	50,150,000	57,171,876	2.08%	1,293
2018	2,760,000	3,658,172	6,418,172	49,110,000	55,528,172	1.89%	1,237
2019	2,760,000	3,192,714	5,952,714	48,010,000	53,962,714	1.71%	1,183
2020	2,760,000	597,095	3,357,095	46,042,678	49,399,773	1.51%	1,083
2021	2,760,000	301,222	3,061,222	46,054,015	49,115,237	1.46%	1,088
2022	2,220,000	27,080	2,247,080	44,195,517	46,442,597	1.22%	991
2023	2,220,000	107,618	2,327,618	42,459,196	44,786,814	1.11%	929

<sup>1</sup> For the fiscal year ended June 30, 2015, the Brea Community Benefit Financing Authority issued over \$18 million of water rev

<sup>2</sup> For the fiscal year ended June 30, 2016, the City of Brea entered into a lease purchase agreement for \$1,952,104.

<sup>3</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.

NOTE: Details regarding the outstanding debt can be found in the notes of the financial statements.

## CITY OF BREA

### RATIO OF NET GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

<b>Fiscal Year Ended June 30</b>	<b>Lease Revenue Bonds</b>	<b>Restricted for Debt Service</b>	<b>Net Bonded Debt</b>	<b>Percentage of Assessed Value of Property<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
2014	\$ 2,760,000	\$ 293,713	\$ 2,466,287	0.03%	58
2015	2,760,000	264,636	2,495,364	0.03%	58
2016	2,760,000	269,453	2,490,547	0.03%	57
2017	2,760,000	265,707	2,494,293	0.03%	57
2018	2,760,000	265,506	2,494,494	0.03%	56
2019	2,760,000	270,863	2,489,137	0.02%	55
2020	2,760,000	269,853	2,490,147	0.02%	55
2021	2,760,000	262,772	2,497,228	0.02%	55
2022	2,220,000	-	2,220,000	0.02%	47
2023	2,220,000	-	2,220,000	0.02%	48

<sup>1</sup> See schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup> Population data can be found in schedule of Demographic and Economic Statistics.

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF BREA**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2023**

City Assessed Valuation: \$ 12,518,201,034

	<b>Estimated Percentage Applicable <sup>1</sup></b>	<b>Debt Outstanding</b>	<b>Estimated Share of Overlapping Debt</b>
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District	0.344	\$19,215,000	\$ 66,100
North Orange County Joint Community College District	7.799	324,914,503	25,340,082
Brea-Olinda Unified School District	96.602	5,051,844	4,880,182
Placentia-Yorba Linda Unified School District	1.245	204,786,502	2,549,592
Rowland Unified School District	0.167	205,566,575	343,296
Fullerton Joint Union High School District	1.955	182,620,000	3,570,221
Fullerton School District	0.007	15,095,770	1,057
La Habra City School District	11.068	34,043,679	3,767,954
City of Brea Community Facilities Districts	100	9,065,000	9,065,000
Brea-Olinda Unified School District Community Facilities District No. 95-1	100	3,570,000	3,570,000
Total overlapping debt repaid with property taxes		<u>1,003,928,873</u>	<u>53,153,484</u>
Overlapping Other Debt:			
Orange County General Fund Obligation			\$ 7,791,620
Orange County Board of Education Certificates of Participation			187,552
North Orange Regional Occupation Program Certificates of Participation			623,590
Brea-Olinda Unified School District Certificates of Participation			8,230,490
Placentia-Yorba Linda Unified School District Certificates of Participation			1,047,481
Fullerton Joint Union High School District Certificates of Participation			308,010
Fullerton School District Certificates of Participation			199
Total overlapping general fund debt			<u>18,188,942 <sup>2</sup></u>
Total overlapping debt			\$ 71,342,426
City of Brea Direct Debt:			
Lease Revenue Bonds			\$ 2,220,000
Leases and SBITAS			302,846
Total City of Brea Direct Debt			<u>\$ 2,522,846</u>
Combined total direct and overlapping debt			\$ 73,865,272 <sup>3</sup>

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within the boundaries of the City.

<sup>2</sup> Previously classified Orange County Sanitation District certificates of participation have been reclassified as district revenue supported issues and are no longer included as a general fund debt in the debt statement.

<sup>3</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds.

**NOTE:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Brea. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

CITY OF BREA

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Assessed value	\$ 7,815,157,069	\$ 8,026,908,085	\$ 8,532,576,967	\$ 9,116,002,399	\$ 9,660,027,845	\$ 10,286,668,026	\$ 10,859,937,204	\$ 11,344,344,046	\$ 11,934,362,924	\$ 12,518,201,034
Debt limit: 3.75% of assessed value	\$ 293,068,390	\$ 301,009,053	\$ 319,971,636	\$ 341,850,090	\$ 362,251,044	\$ 385,750,051	\$ 407,247,645	\$ 425,412,902	\$ 447,538,610	\$ 469,432,539
Total net debt applicable to limit										
Total general obligation bonded debt										-
Less net assets in debt service fund										-
Total amount of debt applicable to debt limit										-
Legal debt margin										<u>\$ 469,432,539</u>

NOTE:

Under state finance law, the City of Brea's outstanding general obligation debt should not exceed 3.75 percent of total assessed property value.  
By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**CITY OF BREA**

**PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Water Revenue Bonds					
		Less:	Net	Debt Service		Coverage
	Gross Revenues <sup>1</sup>	Operating Expenses <sup>2</sup>	Available Revenue	Principal	Interest <sup>3</sup>	
2014	\$18,204,836	\$11,873,994	\$ 6,330,842	\$ 975,000	\$ 1,540,597	2.52
2015	17,803,755	10,685,147	7,118,608	1,015,000	2,351,374	2.11
2016	16,489,077	9,162,038	7,327,039	1,315,000	2,348,737	2.00
2017	19,194,816	9,865,661	9,329,155	1,425,000	2,381,873	2.45
2018	22,692,925	11,972,562	10,720,363	1,040,000	2,361,556	3.15
2019	21,492,916	12,636,817	8,856,099	1,100,000	2,286,421	2.62
2020	21,445,311	13,006,772	8,438,539	1,165,000	1,668,816	2.98
2021	23,512,550	15,881,851	7,630,699	865,000	1,545,361	3.17
2022	22,939,213	9,797,841	13,141,372	1,732,749	2,519,136	3.09
2023	20,261,496	13,811,626	6,449,870	1,470,000	1,392,479	2.25

<sup>1</sup> Gross revenues exclude connection fees.

<sup>2</sup> Operating expenses do not include interest or depreciation.

<sup>3</sup> Interest expense is net of the Build America Bonds interest refund credits.

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

## CITY OF BREA

### DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

<b>Fiscal Year Ended June 30</b>	<b>Population <sup>1</sup></b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income <sup>2</sup></b>	<b>Unemployment Rate <sup>3</sup></b>
2014	42,397	\$ 2,311,442	\$ 54,519	4.2%
2015	43,328	2,387,199	55,096	3.9%
2016	43,710	2,524,209	57,749	3.4%
2017	44,214	2,744,407	62,071	3.1%
2018	44,890	2,935,806	65,400	3.0%
2019	45,606	3,159,036	69,268	2.8%
2020	45,629	3,272,101	71,711	13.6%
2021	45,137	3,368,033	74,618	6.5%
2022	46,872	3,798,226	81,034	2.8%
2023	48,184	4,025,918	83,553	3.6%

Sources:

<sup>1</sup> City Community Development, Planning Division

<sup>2</sup> Per capita income for Orange County; U.S. Department of Commerce, Bureau of Economic Analysis

<sup>3</sup> State of California Employment Development Department - Labor Market Information Division

# CITY OF BREA

## PRINCIPAL EMPLOYERS CURRENT FISCAL YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2022-23			Fiscal Year 2013-14		
	Employees	Rank	Percent of Total City Employment <sup>1</sup>	Employees	Rank	Percent of Total City Employment
Albertson's, Inc.	1,206	1	25.82%	1,500	2	6.94%
Beckman Coulter, Inc. <sup>2</sup>	837	2	17.92%	680	5	3.15%
Brea Olinda Unified School District <sup>2</sup>	621	3	13.29%	1,200	3	5.56%
Nationwide (formerly Veterinary Pet Ins.) <sup>2</sup>	460	4	9.85%	678	6	3.14%
Service Champions Plumbing, HVAC	406	5	8.69%	700	4	3.24%
Bristol Industries <sup>2</sup>	405	6	8.67%	460	7	2.13%
Nordstrom Department Store <sup>2</sup>	250	7	5.35%			
24 Hour Fitness, USA, LLC <sup>4</sup>	201	8	4.30%			
Acosta Sales & Marketing <sup>4</sup>	163	9	3.49%			
The Olive Garden Italian Restaurant <sup>4</sup>	122	10	2.61%			
Mercury Insurance Group	-			400	9	1.85%
Kirkhill - TA Company	-			300	10	1.39%
Peterson Brothers Construction <sup>3</sup>	-			419	8	1.94%
Bank of America <sup>3</sup>	-			1,500	1	6.94%
Total	4,671		100.00%	7,837		36.28%

<sup>1</sup> Based upon the Employment Development Department's Labor Force estimate of 23,600 in 2022 out of a total population of 46,872.

<sup>2</sup> Used prior year employee count.

<sup>3</sup> No longer in the City of Brea.

<sup>4</sup> HDL Companies

Source: Calls to businesses.



## CITY OF BREA

### FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	58	59	60	59	54	50	48	46	45	46
Public Safety	167	158	158	159	157	156	155	156	157	161
Community Development	21	21	21	23	22	19	19	21	22	23
Community Services	52	52	55	56	54	55	67	67	53	63
Public Works	41	42	45	47	49	47	47	47	48	50
Water Utility	17	17	17	15	16	18	17	17	17	19
Sewer Utility	6	6	6	6	6	5	5	5	5	6
Sanitation	2	2	2	4	3	2	1	1	1	1
External Information Technology	10	10	10	12	11	8	7	6	4	4
Total	373	367	374	381	372	360	366	366	352	373

Source: City of Brea Adopted Budget and Supplements to the Adopted Budget.

# CITY OF BREA

## OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function:										
Police										
Calls dispatched	22,412	23,026	24,359	26,027	25,185	28,510	27,973	27,845	27,996	26,241
Crime reports	4,207	4,490	4,798	4,881	4,888	4,798	4,011	3,961	4,191	3,954
Moving citations	3,272	3,426	2,483	2,409	2,799	2,801	1,559	3,158	1,183	936
Parking citations	11,178	10,057	10,528	10,467	10,591	9,331	3,267	1,632	2,714	2,862
Water										
Number of customer accounts	12,637	12,951	13,153	13,224	13,338	13,428	13,449	13,474	13,467	13,408
Average daily consumption (millions of gallons)	10.30	9.54	7.86	7.71	8.78	8.20	7.97	8.97	9.22	7.85
Water samples taken	624	686	732	780	824	783	821	821	821	821
Community Development										
Permits issued	1,418	1,561	2,072	2,170	2,045	2,002	1,756	1,276	1,528	1,708
Inspections conducted	7,955	7,997	6,903	6,833	7,611	8,697	9,753	5,383	7,127	7,223
Public Works										
Square feet of graffiti removal	7,713	4,545	3,609	6,950	7,074	5,310	8,100	6,542	12,135	4,088
Streetsweeping miles	19,494	20,128	20,333	21,060	21,476	17,300	11,373	10,613	9,759	10,999
Trees pruned per year	2,069	3,408	3,275	2,830	2,158	2,745	1,838	1,879	1693	2,713
Traffic signal intersections maintained <sup>1</sup>	52	52	53	56	56	53	53	54	54	54
Infrastructure improv. projects administered	9	10	8	8	6	8	9	8		6
Culture and Recreation										
Gallery promotions and mailings	18,500	18,500	14,800	14,800	14,800	14,800	7,400	-	5,995	-
Gallery attendance	10,674	10,042	12,807	10,175	7,700	7,000	6,740	1,790	2,854	7,244
Theatre annual program brochures mailed	44,517	26,258	34,670	31,853	10,200	21,906	16,086	-	28,177	32,424
Theatre attendance	12,889	12,926	50,476	47,832	41,499	34,803	23,861	2,306	6,176	64,620
General government										
Accounts payable warrants issued	7,829	8,599	7,569	7,154	6,980	7,026	7,215	6,632	6,092	6,252

<sup>1</sup> Doesn't include five flashing beacons the City maintains

Source: City of Brea

## CITY OF BREA

### CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function:										
Highways and streets										
Miles of streets	120	120	121	121	121	126	126	126	126	126
Street lights	3,401	3,401	3,452	3,452	3,452	3,452	3,452	3,452	3,452	3,452
Water										
Number of water wells	1	1	1	1	1	1	1	1	1	1
Number of reservoirs	7	7	7	7	7	7	7	7	7	7
Miles of lines & mains	167	197	197	212	212	212	225	225	225	225
Sewer										
Miles of sanitary sewers	111	111	112	112	112	114	114	114	114	114
Miles of storm drains	26	26	27	27	27	27	27	27	27	27
Culture and Recreation										
Number of parks	13	13	13	13	14	14	14	14	14	14
Number of other facilities	7	7	7	7	7	7	7	7	7	7

Source: City of Brea



December 19, 2023

To the Members of the City Council  
City of Brea, California

We have audited the financial statements of the City of Brea, California as of and for the year ended June 30, 2023, and have issued our report thereon dated December 19, 2023. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance**

As communicated in our letter dated May 8, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the City complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the City's major federal program compliance, is to express an opinion on the compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the City's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 19, 2023. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated December 19, 2023.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

### **Significant Risks Identified**

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." We have identified the following as significant risks:

- Management override of internal controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the City may have the ability to override controls that the organization has implemented. Management may override the organization's controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the City's financial performance or with the intent of concealing fraudulent transactions.
- Revenue recognition - Professional standards require auditors to assess the possibility of revenue recognition as a significant risk. Accordingly, we identified revenue recognition as a significant risk that revenues may be misstated based on the volume of transactions and the significance of revenues to the City.
- Implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2022.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. As described in Note 1, the City changed accounting policies related to accounting for right-to-use subscription assets to adopt the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- The net pension liability and related deferred inflows of resources and deferred outflows of resources and disclosures are based on actuarial valuations.
- The total other post-employment benefits (OPEB) and related deferred inflows of resources and deferred outflows of resources are based on actuarial valuations.
- Self-insurance reserves.
- The estimation of lease receivables and deferred inflows using the discount rate developed by management.

We evaluated key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to:

- Note 4 to the financial statements describes the City's related party activities with the California Domestic Water Company (CDWC), which includes the City holding water rights and equity in CDWC as well as purchasing water from CDWC.
- Note 10 to the financial statements discloses key elements of the City's pension plans, administered by the California Public Employees' Retirement System (CalPERS). As disclosed in the footnote, a 1% increase or decrease in the discount rate can have a material effect on the City's net pension liability.
- Note 11 to the financial statements discloses key elements to the City's OPEB plan. As disclosed in the footnote, a 1% increase or decrease in either the discount rate or the healthcare cost trend rate can have a material effect on the City's total OPEB liability.
- Note 18 to the financial statements describes the effect of the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. The attached schedule of corrected misstatements were identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

The attached schedule of uncorrected financial statement misstatements summarizes the uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. An emphasis of matter is included in the report regarding the City's adoption of GASB Statement No. 96, *Subscription-Based Information technology Arrangements*.

### **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated December 19, 2023.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City's auditors.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual reports, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Additionally, in accordance with such standards, we read the other information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

## Group Audits

The financial statements include the financial statements of the Brea Public Financing Authority and the Brea Community Benefit Financing Authority, which are blended component units of the City, which for the purposes of our audit we do not consider to be significant components within the financial statements. Consistent with the audit of the financial statements as a whole, our audit included obtaining an understanding of the component units and their environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and completion of further audit procedures.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California



City of Brea, California  
Schedule of Corrected Misstatements  
For the Year Ended June 30, 2023

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Number	Opinion Unit(s)	Account/Description	Debit	Credit
1	Aggregate Remaining, ILJAOB Custodial Fund	Accounts payable	\$ 32,607	
		Accounts receivable		\$ 32,607

*(Adjustment to remove the receivables and associated payable related to pass-through payments as of June 30, 2023.)*

City of Brea, California  
Schedule of Uncorrected Misstatements  
For the Year Ended June 30, 2023

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Number	Opinion Unit	Account/Description	Debit	Credit
1	General Fund	Rental income	\$ 340,677	
		Unavailable revenue		\$ 340,677

*(To adjust for rent revenues received on September 9, 2023 due to timing difference. Management believes the revenues were collected sufficiently close to the period of availability to recognize the revenues in fiscal year 2023.)*



Federal Awards Reports in Accordance  
with the Uniform Guidance  
June 30, 2023

City of Brea, California

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Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....	3
Schedule of Expenditures of Federal Awards .....	6
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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Members of the City Council  
City of Brea, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brea, California (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 19, 2023. Our report contained an emphasis of matter stating that the City adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, effective July 1, 2022.

**Report on Internal Control over Financial Reporting**

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

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

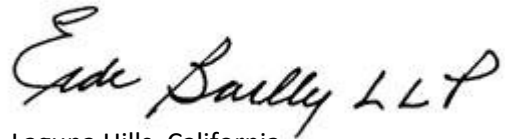
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California  
December 19, 2023



**Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Members of the City Council  
City of Brea, California

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited the City of Brea, California (City)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California  
December 19, 2023

City of Brea, California  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
<b>U.S. Department of Housing &amp; Urban Development</b>			
Pass through the County of Orange			
CDBG -Entitlement Grants Cluster			
CDBG / Entitlement Grants	14.218	21-23-0002-HR	\$ 57,080
CDBG / Entitlement Grants	14.218	22-23-0002-HR	47,375
			<u>104,455</u>
Subtotal CDBG / Entitlement Grants program			104,455
Total CDBG - Entitlement Grants Cluster			<u>104,455</u>
Total U.S. Department of Housing & Urban Development			<u>104,455</u>
<b>U.S. Department of Transportation</b>			
Direct			
Highway Safety Cluster			
State and Community Highway Safety	20.600	PT23090	10,768
State and Community Highway Safety	20.600	PT22151	4,550
			<u>15,318</u>
Subtotal State and Community Highway Safety program			15,318
Total Highway Safety Cluster			<u>15,318</u>
Minimum Penalties for Repeat Offenders for Driving while Intoxicated	20.608	PT23090	7,419
Minimum Penalties for Repeat Offenders for Driving while Intoxicated	20.608	PT22151	10,033
			<u>17,452</u>
Subtotal Minimum Penalties for Repeat Offenders for Driving while Intoxicated			17,452
Total U.S Department of Transportation			<u>32,770</u>
<b>U.S. Department of Treasury</b>			
Direct			
Equitable Sharing	21.016	N/A	15,840
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	CA0035	4,826,242
			<u>4,842,082</u>
Total U.S. Department of Treasury			4,842,082
<b>U.S Environmental Protection Agency</b>			
Direct			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	BF-99T61401-0	57,050
			<u>57,050</u>
Total U.S Environmental Protection Agency			57,050
<b>U.S. Department of Health &amp; Human Services</b>			
Direct			
Aging Cluster			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.044	C-1-2469	29,336
			<u>29,336</u>
Total U.S. Department of Health & Human Services			29,336
<b>Total Federal Financial Assistance</b>			<u><u>\$ 5,065,693</u></u>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Brea, California (City) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance, or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for the governmental funds and the accrual basis of accounting for the proprietary funds. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The City has not elected to use the 10-percent de minimis indirect cost rate.

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**Section I – Summary of Auditor’s Results**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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None noted.

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**Section III – Federal Award Findings and Questioned Costs**

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None noted.



Independent Accountant's Report on  
Applying Agreed-Upon Procedures Related to  
The Article XIII-B Appropriations Limit Calculation  
For the Fiscal Year Ended June 30, 2023

City of Brea, California



**Independent Accountant's Report on Applying Agreed-Upon Procedures  
Related to the Article XIII-B Appropriations Limit Calculation**

To the Members of the City Council  
City of Brea, California

We have performed the procedures enumerated below, on the Appropriations Limit Calculation of the City of Brea, California (City) prepared in accordance with Article XIII-B of the California Constitution for the fiscal year ended June 30, 2023. The City's management is responsible for the Appropriations Limit Calculation.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the Appropriations Limit Calculation and we will report on findings based on the procedures performed. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the City's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council. We recalculated the appropriations limit calculation provided by the City.

Finding: No exceptions were found as a result of this procedure.

2. We added last year's limit to the annual adjustment amount and compared the resulting amount to the 2022-2023 appropriations limit.

Finding: No exceptions were found as a result of this procedure.

3. We compared the current year information in the worksheets described in Procedure 1 above to information provided by the California State Department of Finance.

Finding: No exceptions were found as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by the City Council.

Finding: No exceptions were found as a result of this procedure.



We were engaged by the City to perform this agreed-upon engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's appropriations limit calculation. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Esde Bailly LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California  
December 19, 2023



## City of Brea

### Finance Committee Communication

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#### **Accept a \$196,762 Office of Community Oriented Policing Services Law Enforcement Mental Health and Wellness Act (LEMHWA) Implementation Projects Grant Award for Enhancement of the Police Department's Wellness Program**

Meeting	Agenda Group	
Tuesday, January 30, 2024, 8:30 AM	DISCUSSION	Item: 3B
TO	FROM	
Finance Committee Members	Bill Gallardo, City Manager	

#### **RECOMMENDATION**

Accept an Office of Community Oriented Policing Services Law Enforcement Mental Health and Wellness Act (LEMHWA) Implementation Projects Grant Award. This grant funds enhancement of the Police Department's Wellness Program through applicable training, in the amount of \$196,792, for the two-year grant period which begins October 1, 2023 and ends September 30, 2025.

#### **BACKGROUND/DISCUSSION**

The Brea Police Department is committed to enhancing the mental health and wellness of its personnel, recognizing the critical role it plays in maintaining a resilient and effective law enforcement agency. As such, the Police Department applied for and, for the first time, secured an Office of Community Oriented Policing Services Law Enforcement Mental Health and Wellness Act (LEMHWA) Implementation Projects Grant Award that funds various enhancements of the Police Department's Wellness Program including: department-wide resilience training, basic and advanced peer support training to strengthen the peer support team, and travel to critical/industry and wellness-specific conferences for members of the wellness unit. These conferences will enable key personnel to learn and implement best practices regarding wellness programs and resources that are most effective for both sworn and civilian police department personnel. The LEMHWA Grant funds these critical enhancements for Federal Fiscal Year 2023-25.

#### **SUMMARY/FISCAL IMPACT**

There is no General Fund impact with this request as all costs will be reimbursed through the LEMHWA Grant. Any grant revenues received, or expenditures incurred, will be programmed in the FY 2023-25 Operating Budget.

#### **RESPECTFULLY SUBMITTED**

William Gallardo, City Manager

Prepared by: Jamie McDonald, Management Analyst II

Concurrence: Adam Hawley, Police Chief

**Acceptance of Country Hills Subdivision Pavement and Water Improvements, Phase 2, Project No. 7322**

Meeting	Agenda Group
Tuesday, January 30, 2024, 8:30 AM	DISCUSSION Item: 3C
TO	FROM
Finance Committee Members	Bill Gallardo, City Manager

**RECOMMENDATION**

1. Accept project as complete and authorize City Clerk to file and record a Notice of Completion;
2. Accept the Warranty Bond; and
3. Authorize the City Clerk to release the Performance Bond upon acceptance of the Warranty Bond and release the Payment Bond upon further notification from the Public Works Department.

**BACKGROUND/DISCUSSION**

On September 20, 2022, the City Council awarded a Construction Contract ("Contract") to Gentry Brothers, Inc. ("Gentry") for \$2,125,523.60, with a 10% construction contingency, for a total approved construction budget of \$2,338,075.96 for the Country Hills Subdivision Pavement and Water Improvements, Phase 2, Project No. 7322 ("Project"). The Project continued the Phase 1 work completed in 2022, and replaced and upgraded existing water mains, appurtenances, installed a new Pressure Regulating Station, and completed street resurfacing throughout the remaining areas in the Country Hills Subdivision. In addition, the Project included reconstructing ADA ramps to the latest standards and the reconstruction of curb and gutters within the limits of the work. (See Attachment A - Location Map)

The Notice-to-Proceed was issued for a construction start date of February 21, 2023, and the Project was considered substantially complete on September 1, 2023. During the construction, there was only one Contract Change Order that included the final bid quantity adjustments with the final amount over the Contract Price, totaling \$68,798.92, or approximately 3% of the Contract amount. This increase is due to the additional pavement rehabilitation work on Branch Lane which was added as part of this project. The improvements have been completed, and staff recommends that the City Council approve the acceptance of work performed by Gentry and authorize the the City Clerk to file the Notice of Completion with the County of Orange for recordation.

**SUMMARY/FISCAL IMPACT**

The following is a summary of the final Construction Contract cost:

Original Construction Contract Amount	\$2,125,523.60
Approved Change Orders	\$68,798.92
Final Construction Contract Amount	\$2,194,322.52
Approved Construction Budget with 10% Contingency	\$2,338,075.96
Remaining Construction Budget	+\$143,753.44

As shown in the Table, the final Contract amount for the Project is \$2,194,322.52, which is under the approved Construction Contract budget by \$143,753.44. The source of funds for this Project is from the Water Utility Fund (Fund 420), Gas Tax (Fund 220), Measure M (Fund 260), and RMRA (Fund 221). Therefore, there is no impact on the General Fund.

The Project replaced and upgraded over 3,500 linear feet of existing water mains with appurtenances, removed and replaced one Pressure Regulating Station, installed 132 new services and meters, 10 ADA PCC ramps, and completed street resurfacing within the Phase 2 areas of the Country Hills Subdivision. Gentry has completed the Project and fulfilled its obligations to the City under the subject Contract. Furthermore, Gentry provided a Warranty Bond of 100% of the final Contract amount to guarantee the work for one year after the date the Notice of Completion is recorded by the County of Orange.

Therefore, staff recommends the City Council consider accepting the Project as complete, accepting the Warranty Bond (Attachment B), and authorizing the City Clerk to file the Notice of Completion for recordation by the County of Orange (Attachment C). Additionally, staff recommends authorizing the City Clerk to release the Performance Bond upon acceptance of the Warranty Bond and release the Payment Bond upon further notification from the Public Works Department.

**RESPECTFULLY SUBMITTED**

William Gallardo, City Manager

Prepared by: Angelica Flores, Assistant Engineer

Concurrence: Albert Espinoza, MPA, PE, TE, City Engineer and

Michael Ho, PE, Public Works Director

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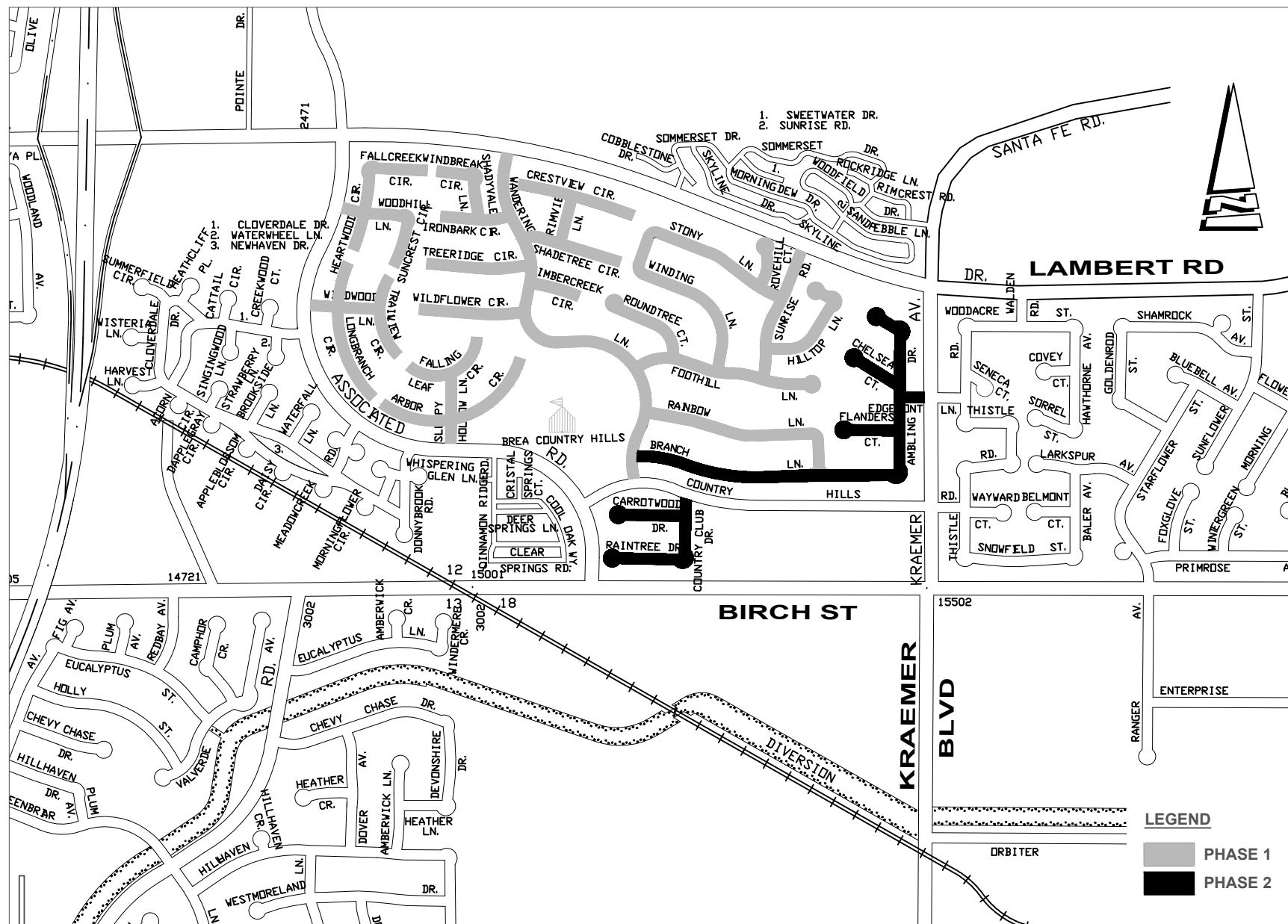
**Attachments**

Attachment A - Location Map.pdf

Attachment B - Warranty Bond.pdf

Attachment C - NOC - PN 7322.pdf

## COUNTRY HILLS SUBDIVISION PAVEMENT/WATER REHABILITATION



# VICINITY MAP

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NOT TO SCALE

## WARRANTY BOND

Bond No. K40314118-M

Premium: Included with Performance Bond

KNOW ALL PERSONS BY THESE PRESENTS that:

WHEREAS the City of Brea ("Owner") has awarded to

Gentry Brothers, Inc.

("Principal"), a contract ("Contract") for the work described as follows:

Country Hills Subdivision Pavement and Water Improvement Phase 2

WHEREAS, Principal is required under the terms of the Contract to furnish a **one (1) year warranty** to make repairs or replacements made necessary by defects in materials, equipment or workmanship related to the Principal's construction of the Improvements.

NOW, THEREFORE, we, the undersigned Principal, and Federal Insurance Company - 555 South Flower St., 3rd Floor, Los Angeles, CA 90071 - (213)612-0880

(Insert name, address, and telephone number of Surety)

("Surety"), a duly admitted surety insurer under the laws of the State of California, as Surety, are held and firmly bound unto Owner in the penal sum of Two Million One Hundred Ninety-Four Thousand Three Hundred Twenty-Two and 52/100s

Dollars (\$2,194,322.52), in lawful money of the United States of America, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, if the hereby bounded Principal, his, her or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform all the undertakings, terms, covenants, conditions and agreements concerning the one (1) year warranty as set forth in the Contract and any alteration thereof made as therein provided, on the Principal's part to be kept and performed, all within the time and in the manner therein specified, and in all respects according to their true intent and meaning, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

In case suit is brought upon this bond, Surety further agrees to pay all court costs and reasonable attorneys' fees in an amount fixed by the court.

FURTHER, the Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration, addition or modification to the terms of the Contract, or of the work to be performed thereunder, or the specifications for the same, shall in any way affect its obligations under this bond, and it does hereby waive notice of any such change, extension of time, alteration, addition, or modification to the terms of the Contract or to the work or to the specifications thereunder. Surety hereby waives the provisions of California Civil Code §§ 2845 and 2849. The City of Brea is the principal beneficiary of this bond and has all rights of a party thereto.



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
 County of Orange )  
 On OCT 11 2023 before me, Summer L. Reyes, Notary Public,  
*Date Here Insert Name and Title of the Officer*  
 personally appeared Matthew J. Coats  
*Name(s) of Signer(s)*

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature]  
*Signature of Notary Public*

*Place Notary Seal Above*

**OPTIONAL**

*Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_ Document Date: \_\_\_\_\_  
 Number of Pages: \_\_\_\_\_ Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Individual ☐ Attorney in Fact  
☐ Trustee ☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_  
 Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Individual ☐ Attorney in Fact  
☐ Trustee ☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_  
 Signer Is Representing: \_\_\_\_\_



CHUBB

Power of Attorney

Federal Insurance Company | Vigilant Insurance Company | Pacific Indemnity Company  
Westchester Fire Insurance Company | ACE American Insurance Company

Know All by These Presents, that **FEDERAL INSURANCE COMPANY**, an Indiana corporation, **VIGILANT INSURANCE COMPANY**, a New York corporation, **PACIFIC INDEMNITY COMPANY**, a Wisconsin corporation, **WESTCHESTER FIRE INSURANCE COMPANY** and **ACE AMERICAN INSURANCE COMPANY** corporations of the Commonwealth of Pennsylvania, do each hereby constitute and appoint Ryan Butterfas, Linda D. Coats, Matthew J. Coats and Summer Reyes of Laguna Hills, California-----

each as their true and lawful Attorney-in-Fact to execute under such designation in their names and to affix their corporate seals to and deliver for and on their behalf as surety thereon or otherwise, bonds and undertakings and other writings obligatory in the nature thereof (other than bail bonds) given or executed in the course of business, and any instruments amending or altering the same, and consents to the modification or alteration of any instrument referred to in said bonds or obligations.

In Witness Whereof, said **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, **PACIFIC INDEMNITY COMPANY**, **WESTCHESTER FIRE INSURANCE COMPANY** and **ACE AMERICAN INSURANCE COMPANY** have each executed and attested these presents and affixed their corporate seals on this 18<sup>th</sup> day of November, 2021.

*Dawn M. Chloros*

Dawn M. Chloros, Assistant Secretary

*Stephen M. Haney*

Stephen M. Haney, Vice President



STATE OF NEW JERSEY

County of Hunterdon

SS.

On this 18<sup>th</sup> day of November, 2021 before me, a Notary Public of New Jersey, personally came Dawn M. Chloros and Stephen M. Haney, to me known to be Assistant Secretary and Vice President, respectively, of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, **PACIFIC INDEMNITY COMPANY**, **WESTCHESTER FIRE INSURANCE COMPANY** and **ACE AMERICAN INSURANCE COMPANY**, the companies which executed the foregoing Power of Attorney, and the said Dawn M. Chloros and Stephen M. Haney, being by me duly sworn, severally and each for herself and himself did depose and say that they are Assistant Secretary and Vice President, respectively, of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, **PACIFIC INDEMNITY COMPANY**, **WESTCHESTER FIRE INSURANCE COMPANY** and **ACE AMERICAN INSURANCE COMPANY** and know the corporate seals thereof, that the seals affixed to the foregoing Power of Attorney are such corporate seals and were thereto affixed by authority of said Companies; and that their signatures as such officers were duly affixed and subscribed by like authority.

Notarial Seal



KATHERINE J. ADELAAR  
NOTARY PUBLIC OF NEW JERSEY  
No. 2316695  
Commission Expires July 16, 2024

*Katherine J. Adelaar*  
Notary Public

CERTIFICATION

Resolutions adopted by the Boards of Directors of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY** on August 30, 2016; **WESTCHESTER FIRE INSURANCE COMPANY** on December 11, 2006; and **ACE AMERICAN INSURANCE COMPANY** on March 20, 2009:

"RESOLVED, that the following authorizations relate to the execution, for and on behalf of the Company, of bonds, undertakings, recognizances, contracts and other written commitments of the Company entered into in the ordinary course of business (each a "Written Commitment"):

- (1) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise.
- (2) Each duly appointed attorney-in-fact of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise, to the extent that such action is authorized by the grant of powers provided for in such person's written appointment as such attorney-in-fact.
- (3) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to appoint in writing any person the attorney-in-fact of the Company with full power and authority to execute, for and on behalf of the Company, under the seal of the Company or otherwise, such Written Commitments of the Company as may be specified in such written appointment, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (4) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to delegate in writing to any other officer of the Company the authority to execute, for and on behalf of the Company, under the Company's seal or otherwise, such Written Commitments of the Company as are specified in such written delegation, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (5) The signature of any officer or other person executing any Written Commitment or appointment or delegation pursuant to this Resolution, and the seal of the Company, may be affixed by facsimile on such Written Commitment or written appointment or delegation.

FURTHER RESOLVED, that the foregoing Resolution shall not be deemed to be an exclusive statement of the powers and authority of officers, employees and other persons to act for and on behalf of the Company, and such Resolution shall not limit or otherwise affect the exercise of any such power or authority otherwise validly granted or vested."

I, Dawn M. Chloros, Assistant Secretary of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, **PACIFIC INDEMNITY COMPANY**, **WESTCHESTER FIRE INSURANCE COMPANY** and **ACE AMERICAN INSURANCE COMPANY** (the "Companies") do hereby certify that

- (i) the foregoing Resolutions adopted by the Board of Directors of the Companies are true, correct and in full force and effect,
- (ii) the foregoing Power of Attorney is true, correct and in full force and effect.

Given under my hand and seals of said Companies at Whitehouse Station, NJ, this 11th day of October, 2023.



*Dawn M. Chloros*

Dawn M. Chloros, Assistant Secretary

IN THE EVENT YOU WISH TO VERIFY THE AUTHENTICITY OF THIS BOND OR NOTIFY US OF ANY OTHER MATTER, PLEASE CONTACT US AT:  
Telephone (908) 903- 3493 Fax (908) 903- 3656 e-mail: surety@chubb.com

# California Acknowledgment Form

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

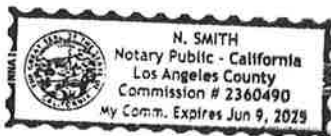
State of California  
County of Los Angeles } ss.

On October 16, 2023 before me, N. Smith, Notary,  
(here insert name and title of the officer)  
personally appeared Wayne J. Gentry

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~XXXXX~~ executed the same in his/~~XXXXX~~ authorized capacity(~~XXXXX~~es), and that by his signature(s) ~~XXXX~~ on the instrument the person(s), ~~X~~ or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Seal



WITNESS my hand and official seal.

*N. Smith*  
Signature of Notary

## Optional Information

To help prevent fraud, it is recommended that you provide information about the attached document below.  
\*\*\*This is not required under California State notary public law.\*\*\*

Document Title: Warranty Bond # of Pages: 1

## Notes

City of Brea - Country Hills Subdivision Pavement & Water Imp PHII

<p style="text-align: center;"><b>RECORDING REQUESTED BY</b></p>  <p style="text-align: center;">AND WHEN RECORDED MAIL TO</p> <p>Name     <b>City of Brea</b></p> <p>Street</p> <p>Address   <b>1 Civic Center Circle</b></p> <p>City &amp;</p> <p>State     <b>Brea, CA 92821</b></p> <p>Zip</p>	
---	--

Free recording requested per Government Code Section 27383.

**SPACE ABOVE THIS LINE FOR RECORDER'S USE**

**Lillian Harris-Neal, City Clerk, City of Brea**

## Notice of Completion

**NOTICE IS HEREBY GIVEN THAT:**

1. The undersigned is the owner of the interest or estate stated below in the property hereinafter described.
  2. The full name of the undersigned is City of Brea (NAME)
  3. The full address of the undersigned is 1 Civic Center Circle  
Brea, CA 92821  
(NUMBER AND STREET, CITY, STATE, ZIP)
  4. The nature of the title or the undersigned is Owner-In-Fee
  5. The full names and full addresses of all persons, if any, who hold title with the undersigned as joint tenants or as tenants in common are:

Names	Addresses
_____	_____
_____	_____
  6. The names of the predecessors in interest of the undersigned, if the property was transferred subsequent to the commence of the work of improvement herein referred to are (OR IF NO TRANSFER WAS MADE, INSERT THE WORD "none"):

Names	Addresses
_____	_____
_____	_____
  7. A work of improvement on the property hereinafter described was completed pursuant to Civil Code § 9200(a) through acceptance by City Council on \_\_\_\_\_.
  8. The name of the original contractor, if any, for the work of improvement was Gentry Brothers, Inc.  
(NAME OF CONTRACTOR, OR IF NO CONTRACTOR FOR THE WORK OF IMPROVEMENT AS A WHOLE, INSERT THE WORD "none"). [IF NOTICE COVERS COMPLETION OF CONTRACT FOR ONLY PART OF THE WORK OF IMPROVEMENT, ADD: The kind of work done or material furnished was: Replacement of water mains, ADA PCC ramps, curb & gutter, and street resurfacing.
  9. The property on which the work of improvement was completed is in the City of Brea, County of Orange, State of California, and is described as follows: Country Hills Subdivision Pavement and Water Improvements, Phase 2, CIP Project No. 7322.
  10. The street address of the said property is: Country Hills Subdivision in the City of Brea.
- Dated: \_\_\_\_\_.

\_\_\_\_\_  
(SIGNATURE)  
**Alberto Espinoza, MPA, P.E., T.E., City Engineer (TYPED NAME)**

### VERIFICATION

I, the undersigned, say:  
I am the person who signed the foregoing notice. I have read the above notice and know its contents, and the facts stated therein are true of my own knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Brea, California, this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

\_\_\_\_\_  
(SIGNATURE)  
**Alberto Espinoza, MPA, P.E., T.E., City Engineer (TYPED NAME)**





**Professional Services Agreement with De Novo Planning Group for the Focused General Plan Update, Brea Core Specific Plan, Transportation Improvement Impact Fee Nexus Study and Associated Environmental Review**

Meeting	Agenda Group	
Tuesday, January 30, 2024, 8:30 AM	DISCUSSION	Item: 3D
TO	FROM	
Finance Committee Members	Bill Gallardo, City Manager	

**EXECUTIVE SUMMARY**

The City is preparing a Focused General Plan Update, Brea Core Specific Plan, Transportation Improvement Impact Fee Nexus Study, and associated environmental review, which represents the renewal of the City's long-range vision. The City conducted an intensive selection process including: request for proposals (RFP), proposal evaluations, and interviews. Following this competitive process, De Novo Planning Group was identified as the most qualified firm to complete the Project. As such, this is a request for the Finance Committee to recommend that the City Council approve a professional services agreement between the City and De Novo Planning Group to complete these tasks.

**RECOMMENDATION**

Staff recommends that the Finance Committee recommend the City Council take the following actions:

Approve a Professional Services Agreement (Attachment A) between the City of Brea and De Novo Planning Group for the Focused General Plan Update, Brea Core Specific Plan, Traffic Impact Fee Nexus Study, and associated environmental review, in an amount of not to exceed \$1,289,816.00 plus a contingency of \$119,996.00 (9.3 percent);

Authorize and direct the City Manager and the City Clerk to execute the agreement, and authorize the City Manager and the Community Development Director to take all actions necessary to implement and administer the terms of PSA;

Amend the City's 2023-25 Operating Budget to appropriate an additional \$119,996.00 from the City's General Plan Maintenance Fund (Fund 120) to cover the contingency as specified in the professional services agreement; and

Find the proposed professional services agreement and related actions exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15306 (Class 6, Information Collection).

**BACKGROUND/DISCUSSION**

**Background**

The City's General Plan is a document that provides a blueprint for meeting the community's long-term vision for the future. The City's current General Plan was adopted in 2003, with the horizon year of 2020. Although a number of amendments to the General Plan have been made in past years in consideration of changing landscapes, environments, legislation, industry practices, and development projects (i.e. Housing Element updates, General Plan designation changes, etc.), these amendments were limited in nature, and given that the 20-year horizon year has passed, the current General Plan document is no-longer a visioning document for the community and decision-makers. As such, staff has identified a need for a focused update of the City's General Plan and completed an audit of the existing General Plan in May of 2023. In addition, as the phase one of the larger Brea Core improvement effort, the City Council adopted the Brea Connecting the Core Active Transportation Plan (ATP) in 2020, which developed a community-driven vision of a connected and safe transportation system for all. The phase two of this effort, the Brea Core Specific Plan, addressing/establishing land use and new standards and guidelines for development within the Brea Core area, needs to be initiated as part of the focused General Plan update. In recognition of above-mentioned need, the City's biennial operating budget for Fiscal Year (FY) 2023-25 reflects a budget of \$1,200,000 from the General Plan Maintenance Fund, which is earmarked for the Focused General Plan Update and Brea Core Specific Plan, along with all necessary environmental review (Project).

In addition, the City's most recently adopted Seven Year Capital Improvement Plan includes a work program to conduct a Transportation Improvement Impact Fee Nexus Study (Project #7718) for the FY 2023-24, which has been assigned a budget of \$125,000.00 from the Traffic Impact Fees Fund (Fund 540). Since such study relies heavily on the City's existing and anticipated land use densities, staff decided to include this CIP work program as the additional task to the Project, to be completed immediately following the completion of the Project.

#### Consultant Selection

On September 6, 2023, staff issued an RFP for consulting services for the Project in order to secure the technical expertise and resources needed to complete the Project. In response to the RFP, the City received three responses from the firms of Kimley-Horn and Associates, De Novo Planning Group, and Dudek.

A team of three staff members from the Community Development and Public Works Departments reviewed the submitted proposals based on the selection criteria, which included qualifications and capability of the firm/staff, relevant experience and past performances, proposed scope of services, and pricing. In addition, an in-person interview was conducted with all three firms to further evaluate the proposals and the project team. Based on the review, staff determined that the proposal and staff from De Novo Planning Group was best suited to meet the City's consulting needs.

Overall, De Novo Planning Group's proposal demonstrated a qualified team of both in-house experts and sub-contractors with extensive and varied experience applicable to the Project who also has an in-depth knowledge of Brea based on their involvement in past Brea projects, a robust public outreach plan, and a work plan that was thorough and detailed. In addition, De Novo Planning Group was the only firm that originally proposed pricing that is consistent with the Project budget. Given the complexity of the Project and newly identified need to incorporate an additional task into the Project (previously mentioned CIP work program – Transportation Improvement Impact Fee Nexus Study), staff negotiated several refinements to the submitted proposal. De Novo Planning Group was able to accommodate such refinements without impacting the original budget and provided a fair and reasonable pricing for the additional task, which is well within the budget assigned for that task. Although staff is requesting an additional appropriation of \$119,996.00 from the General Plan Maintenance Fund, this request is limited in nature with its purpose being to cover the contingency. As such, staff recommends that the City enter into a professional services agreement with De Novo Planning Group for the Project, inclusive of the additional task as previously mentioned.

#### **SUMMARY/FISCAL IMPACT**

The total cost for De Novo Planning Group to complete the Project would be \$1,409,812.00, which includes a not-to-exceed amount of \$1,289,816.00 for the Project and the Transportation Improvement Impact Fee Nexus Study, plus a contingency in amount of \$119,996.00. The funding for the not-to-exceed cost is available and is already programmed in the City's FY 2023-25 Budget and the Seven Year Capital Improvement Plan, through the General Plan Maintenance Fund and Traffic Impact Fees Fund. The proposed contingency would also be funded by the General Plan Maintenance Fund, pending the City Council approval of the staff recommendation for additional appropriation, as requested. The Project, including the contingency, meets the qualifying criteria to utilize these two funds as the purpose of the General Plan Maintenance Fund is to update the City's General Plan and related studies, and the Traffic Impact Fees Fund is intended for projects related to traffic improvements and related studies. As the Project would be funded by two non-General Fund sources, the Project does not have an impact on the City's General Fund. The following table summarizes the funding sources for the Project:

<b>Project Cost Type</b>	<b>Amount</b>	<b>Funding Source</b>	<b>Amount</b>
Not-to-Exceed Project Cost	\$1,289,816.00	General Plan Maintenance Fund Traffic Impact Fees Fund	\$1,200,000.00 \$89,816.00
Contingency	\$119,996.00	General Plan Maintenance Fund	\$119,996.00*

*\*pending City Council approval of additional appropriation*

There are sufficient fund balance for both the General Plan Maintenance Fund and Traffic Impact Fees Fund currently available to fund the Project in its entirety, including the contingency. In addition, staff does not anticipate any additional projects that would utilize the General Plan Maintenance Fund in near future.

#### **RESPECTFULLY SUBMITTED**

Bill Gallardo, City Manager

Prepared by: Joanne Hwang, AICP, City Planner

Concurrence: Jason Killebrew, Community Development Director

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**Attachments**

Attachment A. PSA with De Novo.pdf

**Agreement No. 2024.02.07.001-CD-PLN**  
**Professional Services Agreement**

This Professional Services Agreement ("Agreement") is dated **February 7, 2024** for reference purposes and is executed by the City of Brea, a California municipal corporation ("City"), and **De Novo Planning Group** ("Consultant"), a **S Corporation**.

**RECITALS**

City desires to retain Consultant as an independent contractor to provide the following professional services: **Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review, along with Transportation Improvement Impact Fee Nexus Study.**

A. Consultant represents that it is duly licensed, fully authorized by law, and has the necessary experience and qualifications, to provide such services.

**NOW, THEREFORE**, the parties agree as follows:

**AGREEMENT**

**1. Scope of Services.**

Consultant shall perform the services referenced in the Recitals, and as required by the City's RFP # **2023.09.06.01** and the Scope of Services set forth in the attached Exhibit A (Proposal), and as otherwise required by this Agreement, all to City's satisfaction (collectively, "Services").

**2. Compensation.**

A. City shall pay for the Services satisfactorily performed, in accordance with the Fee Schedule indicated in the Proposal.

B. Subject to the provisions of Section 3, in no event shall the total amount paid for the Services exceed the all-inclusive sum of **\$1,289,816.00** ("Contract Amount"). This amount covers and is inclusive of all labor, materials, and any and all other costs incurred by Consultant in performing the Services. Consultant shall be deemed to have made all inquiries and site inspections deemed necessary by Consultant prior to execution of this Agreement.

C. Unless the Fee Schedule calls for payment of a one-time flat fee, periodic payments for undisputed work shall be made within 30 days of receipt of an invoice which includes a detailed description of the work performed. Consultant's invoices shall indicate the amount of time spent on each task and the applicable rate.

D. Unless the Fee Schedule calls for payment on a different schedule, Consultant shall invoice City on a monthly basis.

**3. Contingency Work**

A. This Agreement includes a contingency amount for potential additional work, which shall not exceed 9.3 percent of the Contract Amount ("Contingency Amount"). The parties may



agree on work to be provided in addition to the Services ("Additional Work"). The City Manager is authorized to approve, in writing, Additional Work that does not exceed the Contingency Amount. Consultant's monthly invoice shall include a detailed description of any approved, Additional Work. Any work performed by Consultant without a written amendment or approval of the City Manager shall be deemed to be work included within the Services. A written amendment to this Agreement shall be executed for additional work that increases the Contract Amount by more than the Contingency Amount.

#### **4. Term.**

The term of this Agreement shall commence on **February 7, 2024** ("Effective Date"). Unless extended or earlier terminated as provided herein, this Agreement shall expire on **June 30, 2026**. The City Manager is authorized to approve, in writing, an extension of the term of this Agreement for up to one (1) additional year if determined necessary to complete the Services.

#### **5. Time of Performance.**

A. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established and agreed upon schedules and deadlines agreed upon in writing. Consultant shall commence performance within two business days of receiving City's written notice to proceed.

B. Force Majeure. Neither party shall be considered in default of this Agreement for delays in performance caused by a force majeure event. As used in this Agreement, the term "force majeure event" means circumstances beyond the reasonable control of the non-performing party and includes the following: abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage; or judicial restraint. Consultant's lack of financial capability, shall not constitute a force majeure event unless directly attributable to any of the foregoing events.

C. Should a force majeure event occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

#### **6. Maintenance of Records.**

Books, documents, papers, accounting records, and other evidence pertaining to the Services, including costs incurred, shall be maintained by Consultant and made available for review by City at all reasonable times during the term of this Agreement and for four years from the date of final payment by City.

#### **7. Standard of Care.**

The Services shall be performed in accordance with the generally accepted professional standards of practice and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently performing similar services under similar conditions. Consultant shall maintain all professional licenses and certifications required to lawfully perform the Services.

**8. Compliance with Law.**

- A. Consultant shall comply with all applicable laws including Cal/OSHA requirements.
- B. Consultant shall obtain a City of Brea business license.

**9. Assignment and Subcontracting.**

A. Consultant shall not assign or transfer this Agreement or any rights or obligations under, or any interest in this Agreement, or subcontract any required performance hereunder, without the prior written consent of City, which may be withheld for any reason. City shall be deemed to have approved Consultant's utilization of subcontractors identified in Consultant's proposal for the Services.

B. Any attempt to so assign, transfer, or subcontract without City's prior written consent shall be void and shall constitute grounds for City's termination of this Agreement. Authorized subcontracts shall contain a provision making the subcontractor subject to all requirements of this Agreement.

C. If use of a subcontractor is approved, then City may withhold 5% of each monthly payment to Consultant. Such retention shall be released upon City's receipt of an unconditional release of all claims signed by any such subcontractor, as to work performed to date.

**10. Independent Contractor.**

A. Consultant is retained as an independent contractor and is not an employee of City. No employee or agent of Consultant is or shall become an employee of City.

B. Consultant will determine the means, methods, and details by which Consultant's personnel will perform the Services. Consultant shall be solely responsible for the satisfactory work performance of all personnel engaged in performing the Services and compliance with the customary professional standards.

C. Consultant's personnel shall not wear or display any City uniform, badge, identification number, or other information identifying such individual as an employee of City. Consultant's personnel shall not use any City e-mail address or City telephone number in the performance of the Services. Consultant shall acquire and maintain at its sole cost and expense such vehicles, equipment and supplies as Consultant's personnel require to perform the Services. Consultant shall perform the Services off of City premises at locations of Consultant's choice, except as otherwise may from time to time be necessary in order for Consultant's personnel to receive projects from City, review plans on file at City, pick up or deliver any work product, or as may be necessary to inspect or visit City locations. City may make a computer available to Consultant from time to time for Consultant's personnel to obtain information about or to check on the status of projects pertaining to the Services.

D. Consultant shall be responsible for and pay all wages, salaries, benefits and other amounts due to Consultant's personnel in connection with the Services. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including Social Security taxes, other retirement or pension benefits, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance. Consultant and its officers, employees, agents, and subcontractors shall not become entitled to, and hereby waive any claims

to, any wages, salaries, compensation, benefit or any incident of employment by City, including eligibility to enroll in, or reinstate to membership in, the California Public Employees Retirement System ("PERS") or any other retirement program, as an employee of City, and entitlement to any contribution to be paid by City for employer contributions or employee contributions for PERS benefits or any other retirement benefits.

## **11. PERS Compliance.**

The parties acknowledge that City is a local agency member of PERS, and as such has certain pension reporting and contribution obligations to PERS on behalf of qualifying employees. Consultant agrees that, in providing its employees and any other personnel to City to perform the Services, Consultant shall assure compliance with the Public Employees' Retirement Law (Government Code Section 20000 et seq.), the regulations of PERS, and the Public Employees' Pension Reform Act of 2013 (Government Code Section 7522 et seq.). Without limitation to the foregoing, Consultant shall assure compliance with regard to personnel who have active or inactive membership in PERS and to those who are retired annuitants and in performing this Agreement shall not assign or utilize any of its personnel in a manner that will cause City to be in violation of the applicable retirement laws and regulations.

## **12. Insurance.**

Unless otherwise permitted or waived in writing by City's Risk Manager, Consultant shall not commence work until it has secured all insurance required under this section and provided evidence thereof that is acceptable to City. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

### **A. Commercial General Liability**

i. Consultant shall take out and maintain, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to City.

ii. Coverage for Commercial General Liability insurance shall be at least as broad as the following:

a. Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

iii. Commercial General Liability Insurance must include coverage for the following:

- a. Bodily Injury and Property Damage
- b. Personal Injury/Advertising Injury
- c. Premises/Operations Liability
- d. Products/Completed Operations Liability
- e. Aggregate Limits that Apply per Project

f. Contractual Liability with respect to this Agreement

g. Broad Form Property Damage

h. Independent Consultants Coverage

iv. The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; (3) products/completed operations liability; or (4) contain any other exclusion contrary to this Agreement.

v. The policy shall be endorsed to name City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials, as additional insureds using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

vi. The general liability coverage may utilize deductibles or provide coverage excess of a self-insured retention, only if approved by City's Risk Manager in writing, and further provided that such deductibles shall not apply to coverage of the additional insureds.

B. Automobile Liability

i. Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to City.

ii. Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).

iii. The policy shall be endorsed to name City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials, as additional insureds.

iv. Subject to City's written approval, the automobile liability coverage may utilize deductibles or provide coverage excess of a self-insured retention, provided that such deductibles shall not apply to coverage of the additional insureds.

C. Workers' Compensation/Employer's Liability

i. Consultant certifies that Consultant is aware of the provisions of Labor Code Section 3700 which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she/it will comply with such provisions before commencing work under this Agreement.

ii. Consultant shall maintain full compensation insurance for its employees in accordance with the Workers' Compensation and Insurance Act (Labor Code Section 3200 et seq.) and Employer's Liability Coverage in amounts indicated herein. Consultant shall require all subcontractors to obtain and maintain workers' compensation coverage of the same type and limits as specified in this section.

D. Professional Liability (Errors and Omissions)

Consultant shall maintain professional liability or errors and omissions insurance appropriate to its profession, in a form and with insurance companies acceptable to City and with the limits required herein. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy coverage form specifically designed to protect against acts, errors or omissions of Consultant in the performance of professional services. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

E. Cyber Liability

If Cyber Liability is included in the Minimum Policy Limits Required below, then Consultant shall maintain cyber liability insurance providing protection against claims and liabilities arising from: (i) errors and omissions in connection with maintaining security of City Data (as defined below); (ii) data breach including theft, destruction, and/or unauthorized use of City Data; (iii) identity theft including bank charges assessed; and (iv) violation of privacy rights due to a breach of City Data.

F. Minimum Policy Limits Required

i. A.M. Best's Rating

Each policy of insurance required herein shall be from a company or companies having a current A.M. Best's rating of no less than A:VII and admitted and authorized to transact the business of insurance in the State of California.

ii. The following insurance limits are required for this Agreement:

If <input checked="" type="checkbox"/> , then required	<u>Combined Single Limit</u>
<input checked="" type="checkbox"/> Commercial General Liability	\$1,000,000 per occurrence/ \$2,000,000 aggregate for bodily injury, personal injury, and property damage
<input checked="" type="checkbox"/> Automobile Liability	\$2,000,000 per occurrence (any auto) for bodily injury and property damage
<input checked="" type="checkbox"/> Workers' Compensation	In the amount required by California law for Workers' Compensation Limit.
<input checked="" type="checkbox"/> Employer's Liability	\$1,000,000 per occurrence
<input checked="" type="checkbox"/> Professional Liability	\$2,000,000 per claim and aggregate (errors and omissions)
<input type="checkbox"/> Cyber Liability	\$2,000,000 per occurrence

iii. Defense costs shall be payable in addition to the limits.

iv. Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as additional insured pursuant to this Agreement.

#### G. Proof of Insurance

Within five days of execution of this Agreement, but prior to commencement of the Services, Consultant shall file with City evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with required endorsements. All evidence of insurance shall be signed by a properly authorized officer, agent, or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

#### H. Policy Provisions Required

i. Consultant shall provide City at least 30 days prior written notice of cancellation of any policy required by this Agreement, except that Consultant shall provide at least 10 days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, Consultant shall deliver renewal certificate(s) including the required additional insured endorsement to City at least 10 days prior to the effective date of cancellation or expiration.

ii. The Commercial General Liability Policy and Automobile Liability Policy shall each contain a provision stating that Consultant's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by City or any additional insureds shall not be called upon to contribute to any loss.

iii. The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. If a "claims-made" professional liability policy is provided, it shall include an extended reporting period of not less than three years.

iv. All required insurance coverages, except for the professional and cyber liability coverage, shall contain or be endorsed to provide a waiver of subrogation in favor of City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials, or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subcontractors.

v. The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further the limits set forth herein shall not be construed to relieve Consultant from liability in excess of such coverage, nor shall it limit Consultant's indemnification obligations to City or preclude City from taking such other actions available to City under other provisions of this Agreement or law.

I. Additional Insurance Provisions

i. The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of such insurance by City, are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Consultant pursuant to this Agreement, including the provisions concerning indemnification.

ii. If at any time during the term of this Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may terminate this Agreement for cause.

iii. City may require Consultant to provide for inspection by City, complete copies of all insurance policies in effect for the duration of the Agreement.

iv. No City official, officer, employee, agent or volunteer shall be personally responsible for any liability arising under or by virtue of this Agreement.

v. The insurance obligations under this Agreement shall be: (1) all the insurance coverage and/or limits carried by or available to Consultant; or (2) the minimum insurance coverage requirements and/or limits shown in this Agreement; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and/or minimum required limits, which are applicable to a given loss, shall be available to City. No representation is made that the minimum insurance requirements of this Agreement are sufficient to cover the obligations of Consultant under this Agreement.

J. Subcontractor Insurance Requirements

Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to City that it has secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors shall be endorsed to name City, its officials, officers, employees, agents, servants, designated volunteers and agents serving as independent contractors in the role of City officials as additional insureds, using ISO form CG 20 38 04 13 or an endorsement providing the same coverage. If requested by Consultant, City may approve different scopes or minimum limits of insurance for particular subcontractors.

**13. Indemnification.**

A. Other than in the performance of professional services, and to the fullest extent permitted by law, Consultant shall defend (with counsel reasonably approved by City), indemnify and hold City, its officials, officers, attorneys, agents, employees, servants, designated volunteers, successors, assigns and those City agents serving as independent contractors in the role of City officials (collectively "Indemnitees") free and harmless with respect to any and all claims, demands, causes of action, costs, expenses, liabilities, losses, damages, stop notices and/or injury of any kind, in law or equity, to property or persons, including bodily injury, wrongful death, personal injury and property damage, and destruction, or unauthorized access to, use, and/or theft of City Data (collectively, "Claims") in any manner and to the extent arising out of,

pertaining to, or incidental to any act, error, omission, or willful misconduct of Consultant, its owners, officials, officers, employees, servants, subcontractors, consultants or agents (and/or any entity or individual for whom Consultant shall bear legal liability) in connection with the performance of the Services including the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses actually incurred in connection with such defense. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, or by City or any of the other Indemnitees. Consultant shall have no liability hereunder for claims and liabilities arising out of the sole, active negligence of any of the Indemnitees.

B. Professional Services. To the fullest extent permitted by law, Consultant shall, at its sole cost and expense, protect, defend, hold harmless and indemnify the Indemnitees, from and against any and all Claims, whether actual, alleged or threatened, to the extent arising out of, pertaining to, or relating to, in whole or in part, the negligence, recklessness or willful misconduct of Consultant, and/or its officers, agents, servants, employees, subcontractors, contractors or their officers, agents, servants or employees (and/or any entity or individual for whom Consultant shall bear legal liability) in the performance of professional services under this Agreement. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Claims with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs, actually incurred in connection with such defense.

C. Consultant's obligations under this Section shall survive the expiration or termination of this Agreement.

#### **14. Laws and Venue.**

This Agreement shall be interpreted in accordance with the laws of the State of California without regard for change of venue laws. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Orange, State of California. Consultant must comply with the claim procedures set forth in the Government Claims act (Government Code Section 810 et seq.) prior to filing any lawsuit against City.

#### **15. Termination.**

A. City may terminate any portion or all of the Services or this Agreement with or without cause by giving 10 days' written notice to Consultant. In such event, City shall be immediately given title to and possession of all Work Product (as defined) below and original field notes, drawings and specifications, written reports and all other documents produced or developed pursuant to this Agreement. Provided Consultant is not then in breach, City shall pay Consultant for any portion of the Services satisfactorily completed prior to termination. If termination occurs prior to completion of any specific task for which a payment request has not been received, the charge for Services performed shall be the reasonable value of such Services, based on an amount agreed to by the parties. City shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed Services, and shall not be entitled to damages or compensation resulting from such termination.

B. Consultant may terminate this Agreement only for cause and by serving written notice of termination to City, provided Consultant has first served City with a written notice of



default and demand to cure, and City has failed to cure such default within 30 days of receipt of such notice.

#### **16. Ownership of Work Product.**

A. All draft and final reports, documents, and other written material, and any and all images, ideas, concepts, designs including website designs, source code, object code, electronic data and files, and/or other media whatsoever created or developed by Consultant in the performance of this Agreement (collectively, "Work Product") shall be considered to be "works made for hire" for the benefit of City. All Work Product and any and all intellectual property rights arising from their creation, including all copyrights and other proprietary rights, shall be and remain the property of City without restriction or limitation upon their use, duplication or dissemination by City upon final payment being made, provided that any such use shall be at City's sole risk. Consultant shall not obtain or attempt to obtain copyright protection as to any of the Work Product. Consultant agrees that the compensation set forth in Section 3 above includes conveyance to City of ownership of all Work Product, including intellectual property rights, as provided in this Section 16.

B. Consultant hereby assigns to City all rights of ownership to the Work Product, including any and all related intellectual property and proprietary rights, that are not otherwise vested in City pursuant to subsection A above.

C. Consultant warrants and represents that it has secured all necessary licenses, consents or approvals necessary to the production of the Work Product, and that upon final payment or Consultant's default, City shall have full legal title to the Work Product, and full legal authority and the right to use and reproduce the Work Product for any purpose. Consultant shall defend, indemnify and hold City, and the other Indemnitees harmless from any and all losses, claims or liabilities in any way related to a claim that City's use of any of the Work Product violates federal, state or local laws, or any contractual provisions, or any rights or laws relating to trade names, licenses, franchises, copyrights, patents or other means of protecting intellectual property rights and/or interests in products, ideas or inventions. Consultant shall bear all costs arising from the use of patented, copyrighted, trade secret or trademarked documents, materials, equipment, devices or processes in connection with its provision of the Work Product produced under this Agreement. In the event the use of any of the Work Product or other deliverables hereunder by City is held to constitute an infringement and the use of any of the same is enjoined, Consultant, at its expense, shall: (a) secure for City the right to continue using the Work Product and other deliverables by suspension of any injunction, or by procuring a license or licenses for City; or (b) modify the Work Product and other deliverables so that they become non-infringing while remaining in compliance with the requirements of this Agreement. Consultant's obligations under this Section shall survive the expiration or termination of this Agreement.

#### **17. Data Security.**

A. As used in this Agreement, "City Data" means any and all information and data provided or made accessible, directly or indirectly, to Consultant by City, or otherwise acquired from City, in connection with Consultant's performance of the Services. Except where subject to a third party's intellectual property rights, any and all City Data is solely owned by City. Consultant is granted a limited, non-exclusive, and revocable license to use City Data solely as necessary to perform the Services. At no time shall Consultant use City Data for its own purposes, or sell, disclose or disseminate City Data, except as required by law or to provide the Services. At all times herein, Consultant shall protect and maintain the security of City Data using methods

providing not less than the level of security Consultant uses for its own confidential data, and that otherwise comply with recognized industry data security standards applicable to similar kinds of governmental data and information.

B. To the extent any City Data consists of personal information as defined in Consumer Privacy Act (Civil Code Section 1798.100 et seq.), Consultant shall comply with that statute and with Civil Code Section 1798.82 including providing the required notifications in the event of any unauthorized access of personal information stored, maintained, accessed, used or transmitted by Consultant in connection with this Agreement. Notwithstanding the foregoing, Consultant shall within 24 hours notify the City Representative by telephone and in writing of any unauthorized access of City Data. Thereafter, Consultant shall render any assistance to City and law enforcement as necessary to ascertain the nature and extent of such unauthorized access.

C. Consultant shall not store City Data using cloud-based storage without City's prior, written consent, unless the use of such storage is clearly described in the Scope of Services. Where permitted herein, any and all cloud-based storage shall be on servers and other hardware located within the continental United States, and shall be in compliance with ISO/IEC 27001 - 27018, as applicable, unless otherwise agreed to in writing by the City Representative.

## **18. Party Representatives.**

A. Consultant hereby designates **Amanda Tropiano** or such person's designee, as Consultant's Representative for this Agreement, unless and until written notice of a new representative acceptable to City is provided to City.

B. City hereby designates **Jason Killebrew, Community Development Director**, or such person's designee, as the City Representative for this Agreement.

C. The foregoing representatives shall be authorized to provide consent where required herein, and to make other administrative decisions that will be binding on their respective party, except as otherwise specifically required herein.

## **19. Notices.**

Any notices, invoices, or other documents related to this Agreement shall be deemed received on: (a) the day of delivery, if delivered by hand during the receiving party's regular business hours or by e-mail before or during the receiving party's regular business hours; (b) the business day after delivery, if delivered by e-mail after the receiving party's regular business hours; or (c) on the second business day following deposit in the United States mail, certified mail with return receipt requested and postage prepaid, to the addresses listed below, or to such other addresses as the parties may, from time to time, designate in writing.

**City**  
**City of Brea**  
**1 Civic Center Circle**  
**Brea, CA 92821**  
**United States**  
**Jason Killebrew**  
[JasonK@cityofbrea.net](mailto:JasonK@cityofbrea.net)  
**714.990.7674**

**Consultant**  
**De Novo Planning Group**  
**180 East Main Street #108**  
**Tustin, CA 92780**  
**United States**  
**Amanda Tropiano**  
[atropiano@denovoplanning.com](mailto:atropiano@denovoplanning.com)  
**714.453.7711**

**20. Third Party Rights.**

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than City and Consultant.

**21. Conflicts of Interest.**

A. Consultant covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services. Consultant certifies that no one who has or will have any financial interest under this Agreement is an officer or employee of City.

B. Consultant further covenants that, in the performance of this Agreement, no subcontractor or person having any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services shall be employed. Consultant has provided City with a list of all City-approved subcontractors and the key personnel for such subcontractors that are retained or to be retained by Consultant in connection with the performance of the Services, to assist City in affirming compliance with this Section.

C. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. If required, Consultant further agrees to file, or shall cause its employees or subcontractors to file, a Statement of Economic Interest with the City Clerk as required under state law in the performance of the Services. For breach or violation of this warranty, City shall have the right to terminate this Agreement without liability. No director, official, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

**22. Severability.**

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the provisions unenforceable, invalid or illegal.

**23. Successors and Assigns.**

This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of the parties.

**24. Non-Waiver.**

None of the provisions of this Agreement shall be considered waived by either party, unless such waiver is specified in writing, and any such waiver shall be limited to that set of circumstances and not to any future circumstances unless another written waiver is executed.

**25. Time of Essence.**

Time is of the essence in each and every provision of this Agreement.

**26. City's Right to Employ Other Consultants.**

City reserves its right to employ other consultants to provide the Services or similar services.

**27. Exhibits.**

The attached **Exhibit A** is incorporated herein by reference. In the event of any conflict or inconsistency between the provisions of this Agreement and any Exhibit, then provisions of this Agreement shall govern.

**28. Entire Agreement.**

This Agreement (including the attached Exhibit) represents the entire understanding of the parties as to the Services, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters. Each party acknowledges that no representations, inducements, promises or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This Agreement may not be modified or altered except in writing signed by both parties. This is an integrated Agreement.

**[SIGNATURES ON FOLLOWING PAGE]**

**TO EXECUTE THIS AGREEMENT**, the Parties have caused their authorized representatives to sign below. Digital Signatures are acceptable if they conform to all requirements of California Government Code Section 16.5.

**De Novo Planning Group**

By: \_\_\_\_\_  
**Ben Ritchie**  
**President**  
[britchie@denovoplanning.com](mailto:britchie@denovoplanning.com)

By: \_\_\_\_\_  
**Steve McMurtry**  
**Chief Financial Officer**  
[smcmurtry@denovoplanning.com](mailto:smcmurtry@denovoplanning.com)

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

CORPs: Chairperson, President, Vice  
President;  
LLCs: Manager

CORPs: Secretary, Asst. Secretary, Chief  
Finance Officer, Asst. Treasurer  
LLCs: Manager

[Pursuant to California Corporations Code Section 313, for a corporation both signature lines must be executed unless the signatory holds at least one of the offices designated on each line.]

[Pursuant to California Corporations Code Section 17703.01(d), for a limited liability company both signature lines must be executed unless the articles of incorporation state that the firm is managed by only one manager.]

**City of Brea**

Attest (if over \$25,000)

By: \_\_\_\_\_  
**Bill Gallardo**  
**City Manager**  
[billga@cityofbrea.net](mailto:billga@cityofbrea.net)

By: \_\_\_\_\_  
**Harris-Neal, Lillian**  
**City Clerk**  
[lillianhn@ci.brea.ca.us](mailto:lillianhn@ci.brea.ca.us)

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

**EXHIBIT A**  
**Scope of Services and Fee/Project Schedule**  
**{CONSULTANT'S PROPOSAL ATTACHED}**

# CITY OF BREA

## Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review

Revised January 8, 2024



### PREPARED FOR:

City of Brea  
Joanne Hwang, AICP, City Planner  
1 Civic Center Circle  
Brea CA 92821

### PREPARED BY:

De Novo Planning Group

A Land Use Planning, Design, and Environmental Firm



In association with:



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1

# INTRODUCTION

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# 1A. TITLE PAGE

## CITY OF BREA

### Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review

Revised January 8, 2024

#### PREPARED FOR:

City of Brea  
Joanne Hwang, AICP, City Planner  
1 Civic Center Circle  
Brea CA 92821

#### PREPARED BY:

**D e N o v o P l a n n i n g G r o u p**

A Land Use Planning, Design, and Environmental Firm



De Novo Planning Group  
Amanda Tropiano, Principal  
180 E Main Street Suite 108  
Tustin, CA 92656  
714-453-7711  
atropiano@denovoplanning.com

In association with:



**Harris & Associates**



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## 1C. LETTER OF TRANSMITTAL

October 31, 2023

**City of Brea**

Joanne Hwang, AICP, City Planner  
1 Civic Center Circle  
Brea CA 92821

**Subject: Proposal to Prepare a Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review**

*Speaking on behalf of the entire De Novo Planning Team, we would like to thank you for the opportunity to submit this proposal to update the Brea General Plan, prepare the Brea Core Specific Plan, and complete the associated environmental review, including all tasks specified in the RFP, technical studies, and project management services. Based on our review of the RFP, deep local and regional experience, and subject-area expertise, we are confident that we have assembled a uniquely-qualified team to undertake this exciting project and deliver to the City an implementable General Plan and Specific Plan on-schedule and on-budget. Below we have outlined our dedicated team members and why the De Novo team is best qualified to assist you on this important work effort.*

This is an exciting time for Brea to embark on updating its General Plan and preparing a new visionary Brea Core Specific Plan to guide future growth and development in the community, support economic development, and protect and preserve important resources over the next 20 years. Between changing economic and environmental conditions, the growing need to thoughtfully accommodate new residential and retail growth, and recent state legislation requiring cities incorporate emerging topics such as complete streets, environmental justice, and climate resiliency in their General Plans, Brea is in a strong position to modernize its General Plan and develop a roadmap for the community to follow for the next two decades. Our team is ready and eager to undertake this project for the City and work with your community to carry forth a vision that will help support a sustainable and prosperous future.

### OUR TEAM

**De Novo Planning Group** would serve as the prime consultant for this contract with the City. Our team is led by De Novo Principal Amanda Tropiano (who will serve as the Project Manager) and Perry Banner (who will serve as Assistant Project Manager). Amanda and Perry have managed numerous long-range planning projects, and we have developed a highly successful approach to complex projects of this nature. **We will remain personally involved in every aspect of the project from start to finish.**

For this project, De Novo is excited to be joined by **RRM Design** (planning/urban design), **Harris & Associates** (environmental services, infrastructure, and economics), and **Kittelson & Associates, Inc.** (mobility). This partnership is intentional and strategic. Our Project Managers (Amanda at De Novo, Bill Halligan and Elizabeth Kim at Harris, and Fernando Sotelo at Kittelson) have worked together under the same roof previously, and we are a well-oiled team of professionals excited to work together again to help deliver superior planning and environmental services to the City of Brea. Working together, we are confident that our unique team provides the City with the highest degree of professionalism, experience, and creativity, and that the redundancy in our areas of experience only serves to benefit the City by building-in peer review and collaborative problem-solving at no cost to the City.

## WHY OUR TEAM

De Novo is a relatively small planning firm in terms of staff size. We know this, and we embrace it. We consider our size to be a tremendous asset to our clients since it allows us to provide **superior levels of project management** at very competitive billing rates. De Novo will lead the Focused General Plan Update and serve as the overall Prime Consultant and Project Manager, ensuring a seamless delivery of coordinated content to the City for review. Although small, De Novo has managed dozens of General Plan projects across California, all of which include robust community engagement efforts, also managed in-house at De Novo. Amanda Tropiano, your Project Manager, has advanced training certificates in Project Management and Public Engagement and is skilled at managing consultant teams to deliver projects on-time and on-budget. All of De Novo's principal-level planners **prefer to roll up our sleeves and work on our projects ourselves**. As managers of the company, we take great pride in our work products, and we strive to build a strong connection with each of our clients. The greatest compliment that our clients pay us is to invite us back to provide additional services.

RRM Design, experts in the fields of land use planning, policy development, architecture, landscape architecture, graphic design and outreach, will lead the Brea Core Specific Plan assignment. With deep experience preparing implementable Specific Plans for clients throughout southern California and beyond, RRM brings to the table enthusiasm, extraordinary graphic skills, and innovative solutions to some of Brea's most relevant opportunities and challenges.

As the authors of the City's General Plan Audit, Harris & Associates is uniquely positioned to fulfill the results of that audit and help the team in hitting the ground running. Having worked with Brea on multiple prior projects, including most recently on the Brea 265 Specific Plan EIR, Harris is excited to bring its local understanding to the project team and deliver high-quality and defensible environmental documents and technical analysis.

At the forefront of transportation planning, Kittelson & Associates is focused on understanding and accounting for the relationship between land use planning and mobility; working with this team of subject-area experts, Kittelson is best prepared to enhance mobility opportunities through collaborative multidisciplinary planning.

## OUR STATEMENT OF COMMITMENT

We have structured this scope of work to best meet the City's needs, as we understand them. However, I would like to emphasize that we are more than happy to work collaboratively with the City to refine this scope of work and approach to best meet your needs and expectations for this very important project. We are committed to completing the scope of work as outlined in the RFP and our proposal by December 2025 (assuming the Notice to Proceed is provided by February 1, 2024).

We are confident that our team's experience preparing General Plans, Specific Plans, and environmental documents across California coupled with our Project Manager's history of working together presents the City with a unique opportunity to hire **a team of consultants with the best possible combination of skills needed for this project**. We look forward to the opportunity to further discuss our proposal and our approach to the preparation of your General Plan. The offer contained in this proposal is valid for a minimum of 120 days and the proposal is a firm and irrevocable offer. If you have any questions regarding this submittal, please do not hesitate to contact me at (714) 453-7711 or at [atropiano@denovoplanning.com](mailto:atropiano@denovoplanning.com).

Sincerely,



**Amanda Tropiano**  
Principal



An aerial photograph of a suburban neighborhood. In the foreground, a large church with a prominent steeple and palm trees is visible. The middle ground shows a dense residential area with many houses and trees. In the background, a city skyline is visible under a clear blue sky.

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# QUALIFICATIONS

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## 2A. BACKGROUND

### De Novo Planning Group

A Land Use Planning, Design, and Environmental Firm



De Novo Planning Group is a land use and environmental planning firm specializing in community planning, environmental studies, design, and development services. Founded in 2008 in the greater Sacramento area, De Novo opened an office in Orange County in 2017—led by Principal Amanda Tropiano—to serve southern California clients. The firm’s principal-level staff have successfully completed over 400 projects consisting of comprehensive general plans, visioning plans, specific plans, housing elements, environmental impact reports, negative declarations, initial studies, NEPA analyses, climate action plans, biological assessments, wetland delineations, and development projects throughout California. As part of essentially all of our long-range planning projects, De Novo designs and implements community engagement programs.

#### OUR MISSION

Our mission is to provide municipal and private sector clients with world-class professional services, through principal-level attention to every project. We pride ourselves on our ability to work with clients to balance their economic, social, environmental, legal, and political goals. Our services result in an integrated planning and environmental solution for every project that is technically sound, cost effective and delivered within the client's schedule.

#### OUR PHILOSOPHY

Our philosophy is to proactively plan and design projects in such a way that public and environmental concerns are addressed and accommodated early in the process. We strongly believe in the use of local knowledge for developing sensible and cost-effective solutions to local concerns. Our solutions integrate local knowledge with the best available resources to achieve recognized national and international standards for planning and environmental management, to achieve a balance in local economic, social, and environmental goals. De Novo Planning Group is dedicated to fostering a partnership with each agency we serve, through listening to the community and stakeholders and reflecting the ideas and concerns we hear in the approach developed for each project.

#### OUR TEAM

The work program will be led out of our southern California office located in the City of Tustin. De Novo is a California S-Corporation and has 20 full-time staff, including four Principals/Owners (Amanda Tropiano, Ben Ritchie, Beth Thompson, and Steve McMurtry), four Principal Planners, five Senior Planners, and a team of technical associates. De Novo does not have a history of mergers or buyouts. All four of De Novo's Principals are authorized to make commitments on behalf of the company. We have no contracts terminated for cause, pending litigation or legal issues.

#### SERVICE AREAS

##### Community Planning

- » General Plans
- » Visioning Plans
- » Housing Elements
- » Specific Plans
- » Zoning Codes
- » Public Facilitation
- » Grant Writing
- » Project Management
- » Application Processing
- » Project/Peer Review

##### Environmental Studies

- » CEQA Compliance
- » NEPA Compliance
- » Biological Studies
- » Agricultural Studies
- » Air Quality Studies
- » Climate Action Plans
- » Sustainability Planning
- » Mitigation Monitoring
- » Permitting

##### Design

- » Land Use Plans
- » Subdivision Layouts
- » Site Planning
- » Design Guidelines

##### Development

- » Feasibility Studies
- » Due Diligence Packages
- » Competition Analyses
- » Cost Estimate

Address: 180 E Main Street Suite 108  
Tustin, CA 92780

Phone: 714-453-7711

Email: [atropiano@denovoplanning.com](mailto:atropiano@denovoplanning.com)

Website: [denovoplanning.com](http://denovoplanning.com)





Harris & Associates (Harris) has served public agencies and private clients since 1974. Our robust program of services includes environmental and regulatory compliance, engineering, program and construction management, municipal district finance services, and strategic services. Our Environmental Planning + Compliance team is anchored by experienced directors with extensive experience preparing California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) compliance documents and supporting technical studies. The staff has earned an esteemed reputation for providing high-quality, legally defensible documents that are easily understood by the general public. Our team experience includes bridge, roadway and other infrastructure projects; Caltrans technical studies; and permit application packages for compliance with Clean Water Act Section 404/401, Endangered Species Act Section 7/10, National Historic Preservation Act Section 106, Fish & Game Code Section 1602, and the California Coastal Act.

Harris specializes in developing community driven planning and engineering solutions for local jurisdictions. Founded in 1974 with 49 years in business, Harris is an S Corporation firm with over 250 employee-owners. We have 11 offices throughout the west coast including California locations in Irvine, Los Angeles, San Diego, Ontario, Temecula, Concord, Fresno, Sacramento, and Salinas. Additionally, Harris features offices in Las Vegas, Nevada, and Seattle, Washington.

Harris is known for preparing legally defensible documents. Our environmental staff have worked on many controversial projects, some of which have been subject to legal challenge. To withstand those challenges, our staff works to identify environmental concerns and issues early in the process; strategizes with the City and the developer to provide a comprehensive environmental analysis; coordinates with responsible agencies/stakeholders to get input and buy-in; and confirms the issues are thoroughly addressed with substantial evidence in the environmental document. The goal is to avoid legal challenges; however, if a project is controversial a challenge may be inevitable. In that case, the goal is to prepare a document that is comprehensive and easily understandable to a judge. Our staff has a track record of preparing CEQA documents that are upheld in court.

We understand that successful projects must be based upon the specific needs of our client, are sensitive to economic and local political realities, and must be completed on schedule and within budget. We understand that it will be critical to select a partner who is experienced in strategic planning and able to write thorough and legally defensible documents; has a demonstrated successful record of accomplishment leading clients through actionable planning efforts that lead to effective implementation; is knowledgeable in the unique aspects and culture of Brea, its stakeholders and operating environment; and is committed to the long-term preservation and success of the City.



## FIRM PROFILE | *RRM Design Group*

RRM exists because we love creating environments people enjoy. That is what got us into the business over 45 years ago, and it is why we continue to thrive today. Our architects and landscape architects, engineers, surveyors, and planners work with our clients and their communities to create the parks our children play in, the roads we drive down on our way to work, the neighborhoods we come home to, and the fire stations that keep our communities safe.

Our work culture emphasizes collaboration, frequent communication, and accessibility. We're a close partner with our clients, helping them understand and navigate through the project lifecycle. Whether your project is public or private, commercial or residential, we listen, we design, and we deliver. On time. On budget. Since 1974.



### PERSONNEL BY DISCIPLINE

**202** professionals on staff at RRM Design Group in **6** core disciplines:



18	Community & Urban Planners
33	California Licensed Architects
38	Architecture Designers
11	California Licensed Civil Engineers
3	California Licensed Structural Engineers
25	Engineering Designers
19	California Licensed Landscape Architects
17	Landscape Designers
1	Licensed Surveyor
3	Surveying Technicians
37	Administrative Support Staff

*RRM Design Group is a California corporation and an employee-owned company, incorporated November 26, 1974*



## CREATING ENVIRONMENTS PEOPLE ENJOY®

**SAN JUAN CAPISTRANO (LEAD)**  
 32332 Camino Capistrano, Ste. 205  
 San Juan Capistrano, CA 92675  
 p: (949) 361-7950

**SAN LUIS OBISPO (HQ)**  
 3765 South Higuera St., Ste. 102  
 San Luis Obispo, CA 93401  
 p: (805) 543-1794

**SAN DIEGO**  
 310 3rd Avenue, Ste. C-26A  
 Chula Vista, CA 91910  
 p: (619) 870-8512

**SAN LEANDRO**  
 325 Davis St.  
 San Leandro, CA 94577  
 p: (510) 751-4910

**SANTA BARBARA**  
 10 East Figueroa St., Ste. 200  
 Santa Barbara, CA 93101  
 p: (805) 963-8283

**SEATTLE**  
 7520 35<sup>th</sup> Avenue SW, Ste. 110  
 Seattle, WA 98126  
 p: (206) 580-0285

**VENTURA**  
 422 East Main St.  
 Ventura, CA 93001  
 p: (805) 652-2115

**WEBSITE**  
[www.rrmdesign.com](http://www.rrmdesign.com)



Kittelison & Associates, Inc. provides comprehensive transportation engineering, planning, and research services to government agencies and private organizations. An Oregon Subchapter S Corporation founded in 1985, Kittelison has over 350 staff in 25 offices nationwide, including four offices in California (Orange, Oakland, Sacramento, and San Francisco). Kittelison's Southern California regional office, located in Orange, was established in 2014 and serves clients throughout Los Angeles and Orange counties. With this breadth of staffing, Kittelison is able to address client needs with local experience and national expertise.

Kittelison staff bring a demonstrated understanding of transportation and circulation requirements, travel demand modeling, and regional knowledge developed over the course of more than 30 years of project experience in California, including through recent work on general plans and specific plans in both Northern and Southern California. The firm provides support for all stages of planning and environmental analysis, from site analysis through approval and construction. Kittelison staff are particularly knowledgeable about California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) compliance and recent changes to CEQA-required transportation analyses. The firm approaches each project by building a thorough understanding of client and project needs and jurisdiction requirements, tailoring its work to assist clients in successfully fulfilling environmental requirements in an efficient and cost-effective manner.





## 2B. EXPERIENCE

The De Novo Planning Group team represents a full-service team of city planning and subject-matter experts capable of providing all services requested by the City of Brea. We recognize and appreciate the tremendous commitment you are making to this program; the impacts to your time and financial resources are real and significant and it is our goal to work with you on an innovative program that results in an implementation-oriented plan. We will closely coordinate with City Staff and will provide principal-level attention to every step of the process while adhering to the project schedule and budget.

As planning practitioners, we truly see ourselves as your community's "scribes". Every project that we undertake is specifically tailored to the community we are working in, from developing an appropriate project approach, assembling the best team of subconsultants, listening to and learning from the community, implementing the work plan, and delivering the products. It is our job to guide you and the community through this complicated process while being mindful of local issues, opportunities, and preferences. We encourage you to review our project examples and contact our references to better understand our commitment to our clients.



### City of Rancho Santa Margarita 2021-2029 Housing Element Update

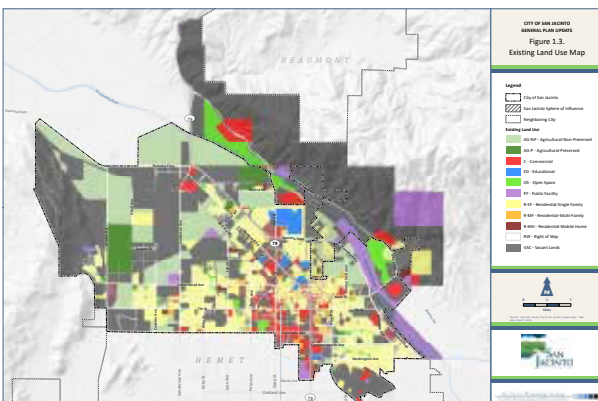
The City of Rancho Santa Margarita is in the process of preparing the 2021-2029 Housing Element. This Fact Sheet is intended to answer community asked questions, provide information about the update process, and let you know how to get involved.

**What is a Housing Element?**  
The Housing Element is a section of the City's General Plan that looks at housing needs and conditions within Rancho Santa Margarita. It is a policy document that identifies goals, policies, and programs that the City uses to direct and guide actions related to housing.

**Why is the City updating its Housing Element?**  
Each city and county in California is required to have a Housing Element and update it at least every eight years. Updating the Housing Element gives the City a clear picture of housing-related issues such as housing supply and demand, the types of housing needed within the City, housing affordability, and homelessness. Once the Housing Element is updated, it must be approved by the California Department of Housing and Community Development (CDH). Updating the Housing Element will ensure that the City meets state requirements, and makes Rancho Santa Margarita more eligible for state grants and other funding resources. It will also give our elected and appointed officials clear guidance on housing issues facing Rancho Santa Margarita.

**Some key features of the Housing Element include:**  
Demographic and housing trends analysis  
An assessment of fair housing  
An evaluation of housing conditions and existing resources  
An analysis of potential sites appropriate for new housing  
An evaluation of existing policies and programs  
Development of policies and programs to support housing production

**The Housing Element is a policy document that identifies goals, policies, and programs that the City uses to direct and guide actions related to housing.**



**Sample Relevant Project Experience (profiles are provided for projects highlighted in blue, alphabetically)**

Jurisdiction	General Plan	Specific Plan	Zoning	CEQA	Team Members
Anaheim Circulation Element	X				KAI
Azusa Downtown Specific Plan and TOD General Plan/Development Code Update	X	X	X		RRM
Brea 265 Specific Plan EIR				X	Harris
Brentwood General Plan, PA-1 Specific Plan, and EIR	X	X		X	DN
Burbank Media District Specific Plan*		X			DN
Campbell General Plan, CAP, and EIR	X			X	DN
Glendale General Plan and EIR	X			X	DN, KAI
Indian Wells General Plan and EIR	X		X	X	DN, KAI
Irvine Focused General Plan Update and Program EIR	X			X	Harris
La Verne General Plan and EIR	X		X	X	DN, KAI
Lake Forest General Plan and EIR	X		X	X	DN, KAI
Lathrop General Plan and EIR	X			X	DN
Lawndale General Plan, Hawthorne Specific Plan, and EIR	X	X		X	DN, KAI
Los Angeles (County) Program EIRs for the Countywide General Plan Update and Antelope Valley Area Plan				X	Harris
Manteca General Plan and EIR	X			X	DN
Milpitas General Plan and EIR	X			X	DN
Montebello General Plan Update and Downtown Specific Plan, Environmental Impact Report (EIR), VMT Guidelines, and Bicycle Master Plan	X			X	KAI
Pittsburg General Plan and EIR	X			X	DN
Pomona Downtown Specific Plan		X			RRM
Rancho Santa Margarita General Plan*, LHMP, EIR and Housing and Safety Elements*	X			X	DN, KAI
Rialto Foothill Central Specific Plan*		X			DN
San Diego (City) Balboa Avenue Station Area Specific Plan, Mission Boulevard Public Spaces and Active Transportation Network		X			RRM
San Jacinto General Plan, Zoning Update, and EIR	X		X	X	DN, KAI
San Marcos General Plan, Zoning Update, and EIR	X		X	X	DN, KAI
Santee Arts and Entertainment District/Town Center Specific Plan		X			RRM
Sebastopol General Plan and EIR	X		X	X	DN
Walnut Creek Shadelands Gateway Specific Plan		X			RRM
Westminster General Plan and EIR* and Rezoning Program	X		X	X	DN
Yorba Linda Town Center Specific Plan		X			RRM

\* Prepared while De Novo Staff was employed at another planning firm.



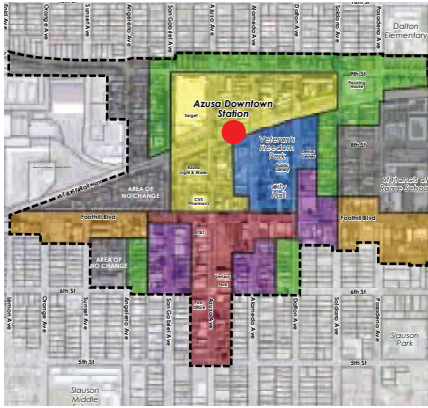
## ANAHEIM CIRCULATION ELEMENT UPDATE

Kittelson is preparing an update to the Circulation Element of the General Plan, which will outline the future transportation network, goals, and policies for the City for the next 10 years. For this effort, Kittelson is assessing existing and future conditions at 250 intersections throughout the city, determining how new development potential could affect operations at intersections of major arterial roadways. From this assessment, Kittelson is identifying citywide roadway improvements to minimize congestion. Kittelson is also developing new policies to plan for future mobility services, including shared-ride vehicles, micro-mobility, micro-transit, active transportation, connected/autonomous vehicles, and local transit. In addition, Kittelson is updating the City's transportation impact analysis guidelines to account for the new policies and ensure consistency with the statewide Senate Bill (SB) 743 requirements, and has developed recommendations for updating the City's transportation demand management (TDM) ordinance to incorporate state-of-the-practice demand management strategies for new development projects.

To supplement this work, Kittelson conducted research to determine the preferred methodology to assess intersection level of service (LOS) conditions in the city. Kittelson researched the pros and cons of the Intersection Capacity Utilization (ICU) and Highway Capacity Manual (HCM) methodologies, reviewed peer city methodologies, conducted a sensitivity analysis of the two methodologies at key intersections, and prepared a memorandum outlining the recommended intersection LOS approach.



## AZUSA DOWNTOWN SPECIFIC PLAN AND TOD GENERAL PLAN/DEVELOPMENT CODE UPDATE



### AZUSA DOWNTOWN SPECIFIC PLAN AND TOD GENERAL PLAN/ DEVELOPMENT CODE UPDATE AZUSA, CA

#### NOTABLE INFO AND STATS:

*Client: City of Azusa*



#### RRM SERVICES PROVIDED:

*Planning, Architecture, Engineering,  
Landscape Architecture*



The City of Azusa retained RRM to prepare a 350-acre TOD General Plan/Development Code Update and Specific Plan focusing on Azusa's downtown, two future Gold Line transit stations, and adjacent residential neighborhoods. Funded through a Los Angeles Metropolitan Transportation Authority (Metro) grant, the work effort addresses a mix of commercial, residential, and entertainment-related land uses that will be instrumental in creating a vibrant, mixed-use, pedestrian-oriented environment. The project market analysis informs recommended land uses and development standards complemented by design guidelines to ensure high-quality, compatible development. Inclusive community engagement incorporates ideas voiced by residents, business owners, and decision-makers. An integrated CEQA process for an Environmental Impact Report complements the overall effort.



*Award of Merit for Economic  
Planning & Development*

*- APA Los Angeles Section, 2016*





## BREA 265 SPECIFIC PLAN EIR

While at her previous firm, Elizabeth Kim served as the Project Manager for the Brea 265 Specific Plan EIR. The majority of the Brea 265 Project site has been historically used for oil production dating back to the early 1900's. The Brea 265 project is a phased, master-planned residential community of low and medium-density residential neighborhoods. The Project proposes parks and recreational amenities, and open space areas linked with a trail network that connects to the Tracks at Brea and other regional systems. The Project proposes up to 1,100 residential dwelling units over a 262-acre area. The Project includes approximately 198 acres designed for residential use, approximately 15 acres for park and recreational uses, and approximately 48 acres of open space which include the trail systems. The Brea 265 Specific Plan is divided into separate Planning Areas (PA) that delineate the different land uses and residential densities. To determine what potential effects would be caused by the Project, the EIR analyzed issues related to Aesthetics; Agriculture and Forestry Resources; Air Quality; Biological Resources; Cultural Resources; Energy; Geology and Soils; Greenhouse Gas Emissions; Hazards and Hazardous Materials; Hydrology and Water Quality; Land Use and Planning; Mineral Resources; Noise; Population and Housing; Public Services; Recreation; Transportation; Tribal Cultural Resources; Utilities and Service Systems; and Wildfire.



## BRENTWOOD GENERAL PLAN, PA-1 SPECIFIC PLAN, AND EIR

The De Novo completed a comprehensive update to the City of Brentwood's General Plan preparation of a General Plan EIR and subsequent Specific Plan for Priority Area 1. The work effort began with an extensive public outreach and visioning process and preparation of a detailed Existing Conditions Report. Other key tasks include an Opportunities and Constraints Report, three Land Use Map Alternatives accompanied by a Land Use Map Alternatives Report, and opportunities for property owners to submit parcel change requests. Our team worked closely with the City's General Plan Working Group to complete comprehensive policy sets for all General Plan topics. The General Plan was successfully adopted and the EIR was certified in July 2014.

The De Novo team recently completed the Priority Area 1 (PA-1) Specific Plan and EIR for the City of Brentwood, now known as the "Brentwood Innovation Center". The project site presents a unique opportunity for the City, in that it includes approximately 400 acres of undeveloped land within the City limits, with excellent freeway access and visibility. The Specific Plan was crafted to facilitate the development of a high-quality jobs center complimented by high density residential development and a transit village, centered around an emerging multi-modal transit station. The City worked closely with many stakeholders, including BART, during preparation of the Plan, with the overall goal of facilitating an extension of the eBART system further into Contra Costa County and correcting the existing jobs-housing imbalance in Brentwood. As part of this work effort, the De Novo team prepared a detailed and robust program-level EIR, which was structured to provide CEQA streamlining of all subsequent development projects within the Plan Area, in furtherance of the City's goal to make the Plan Area "shovel ready".



## IRVINE FOCUSED GENERAL PLAN UPDATE & PROGRAM EIR

Harris is currently leading the 2035 Irvine General Plan Update, which involves updating the Land Use Element in accordance with the Housing Element, updating the Safety, Circulation and Noise Elements, creating a new Environmental and Climate Action Element, developing a strategic implementation plan, amending the City's zoning ordinance, and preparing a Program EIR and technical studies in accordance with CEQA. An extensive community outreach plan is being implemented and will engage community members throughout the General Plan Update process. Harris prepared the 6th Cycle Housing Element, providing the City with a Housing Element Update that met the State's level of scrutiny, while addressing local concerns and priorities. Harris worked with City staff to identify sites for a planned total of more than 60,000 sites, providing additional buffers for lower-income site requirements. In addition, Harris conducted the research and analysis necessary to demonstrate that the City's Housing Element addressed fair housing concerns and contained policies to address new State laws in connection with the identification of commercial and mixed-use sites, all while balancing local goals and priorities. Following multiple rounds of HCD review, Harris helped the City to achieve full Housing Element compliance on May 24, 2022. The Harris Team will also prepare a Program EIR to comprehensively address the environmental impacts of the GPU and allow for streamlining of future environmental review for GPU-compliant projects.

## LAKE FOREST GENERAL PLAN UPDATE, EIR, HOUSING ELEMENT, AND SAFETY ELEMENT

De Novo Planning Group prepared the City of Lake Forest General Plan Update. De Novo served as the Prime Consultant and directly managed a robust community engagement program including one-one-one interviews, community open houses, visioning workshops, General Plan Advisory Committee meetings, online surveys and feedback tools, and social media campaign. The new General Plan is based on the community's vision and values and will guide the long-term growth and development in Lake Forest for the next 20 years.

A key component of the work program is establishing a range of contemporary technical studies with updated data on which to base future decisions. The project includes a branding program and outreach materials. Three Visioning Workshops were hosted for the community throughout the summer of 2018 to understand community priorities and values related to a long-term vision statement, land use and community character, and mobility. In particular, the City is looking at how new technologies will impact best planning practices over the life of the General Plan and how to develop a plan, policies, and programs which will respond to new technologies as they emerge.

The City also formed a General Plan Advisory Committee which met ten times. De Novo Planning Group served as the Chair of the GPAC and facilitated the conversation with key community members and representatives to ensure that the new General Plan accurately reflects community values.



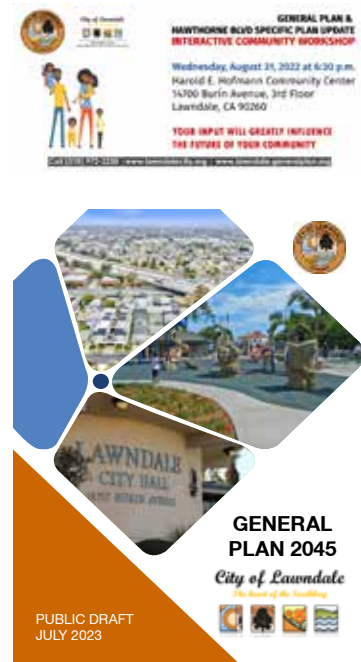
## CITY OF LAWSDALE GENERAL PLAN UPDATE, HAWTHORNE BOULEVARD SPECIFIC PLAN UPDATE, FOCUSED ZONING CODE UPDATE, AND EIR

De Novo Planning Group are currently working with the City of Lawndale to prepare a comprehensive update to the City's General Plan and the corresponding EIR, as well as an update to the Hawthorne Boulevard Specific Plan and a focused update to its Zoning Ordinance. The City of Lawndale has a population of approximately 32,000, with an area of roughly 1.9 square miles. Lawndale is located in the heart of the South Bay area of Los Angeles County. The City of Lawndale's General Plan and Hawthorne Boulevard Specific Plan Update is a multi-year process that includes a comprehensive review and revision of the City's existing General Plan, which establishes a vision for the future of the City, and the Hawthorne Boulevard Specific Plan, which implements this vision along Hawthorne Boulevard, as well as Artesia Boulevard and Redondo Beach Boulevard. This process also includes the preparation of an Environmental Impact Report (EIR), which investigates the possible impacts of the General Plan and Specific Plan Update policy changes to the surrounding physical environment.

The General Plan reflects the community's values and desires and addresses important issues such as land use and urban design; mobility; housing; resource management; public safety; environmental justice; economic development; community facilities and services; and public health. The Lawndale General Plan is supported and implemented by important complementary plans and programs, including the Hawthorne Boulevard Specific Plan, Zoning Ordinance, and Climate Action Plan. While the General Plan provides high-level guidance on local issues and priorities, these plans and programs implement the General Plan and provide more specific direction regarding critical topics, such as the redevelopment of Hawthorne Boulevard, which serves as the City's primary transportation route, corridor of economic activity, and community focal point; expectations on permitted uses throughout the City; and the City's strategy to support a more resilient and sustainable future.

## COUNTY OF LOS ANGELES, PROGRAM EIRS FOR THE COUNTYWIDE GENERAL PLAN UPDATE AND ANTELOPE VALLEY AREA PLAN

Prior to joining Harris, Bill Halligan prepared the program environmental impact reports for the comprehensive update to the 1980 Los Angeles County GP and the update to the Antelope Valley Area Plan (AVAP). The GP serves the entire unincorporated area of the county by providing general goals and policies that help to achieve countywide planning objectives. For specific areas of the county, the GP has 15 community-level plans, including the AVAP. The EIR evaluates the environmental impacts of the GPU, including the addition of new elements, technical changes, and reorganization to reflect current information and new legal requirements. As part of the EIR, Bill assisted the county to determine the ultimate population, housing, and employment projections for the buildout of the proposed land use plan. Bill crafted development assumptions and methodologies for the general county areas and the various community-level plans to arrive at the ultimate projections. The buildout exercise was particularly challenging given the size and complexity of the county's land use plan (including the 15 disparate community-level plans).





## MONTEBELLO GENERAL PLAN UPDATE AND DOWNTOWN SPECIFIC PLAN, ENVIRONMENTAL IMPACT REPORT (EIR), VMT GUIDELINES, AND BICYCLE MASTER PLAN

Kittelson is leading the development of the updated City of Montebello General Plan Mobility Element as part of the overall General Plan update. Key topics included improving bicycle and pedestrian access and connectivity in the city's downtown area and connecting to future stations along the planned Gold Line light rail extension. Kittelson's tasks include assessing existing multimodal transportation conditions and opportunities for private vehicles, bicyclists, pedestrians, transit users, and other modes, and developing mobility element goals, policies, and implementation actions. As part of this effort, Kittelson hosted a series of workshops and charrettes to inform the public and stakeholders on key transportation issues and solicited feedback on opportunities to improve the multimodal circulation network. A series of conceptual cross-sections and road diets were incorporated into the downtown area to promote accessibility and better integration of land uses to meet the mobility needs of all users.

To support the general plan update process, Kittelson prepared a transportation analysis report that included both CEQA analysis (based on VMT and other CEQA criteria) and a non-CEQA analysis of intersections and roadway segments in the city.

Simultaneously with this effort, Kittelson assisted the City with preparing its SB 743-consistent transportation impact study guidelines. The guidelines included requirements for both CEQA transportation impact analysis and non-CEQA transportation assessments. As part of this effort, Kittelson reviewed recommendations for the city developed by the San Gabriel Valley Council of Governments (SGVCOG) and provided a final set of recommendations for VMT metrics, significance thresholds, and screening criteria. Kittelson also developed recommendations for traffic operations and other non-CEQA analysis and developed the final guidelines.

In addition, Kittelson is working with the City to develop its first Bicycle Master Plan (BMP), which will guide the expansion of bicycle infrastructure that meets the needs of the community and promotes a safer environment for people to bike. The plan's goals are to improve bicycling connectivity, access to transit, and safety for all users. The plan's preliminary community outreach phase included bilingual outreach materials, public workshops, an online survey, and outreach at the City's Downtown Street Fest event. Kittelson is currently developing the plan's infrastructure and programmatic recommendations.



## POMONA DOWNTOWN SPECIFIC PLAN



### **POMONA** DOWNTOWN SPECIFIC PLAN UPDATE POMONA, CA

#### **NOTABLE INFO AND STATS:**

*Client: City of Pomona*



#### **RRM SERVICES PROVIDED:**

*Planning, Architecture, Engineering,  
Landscape Architecture*



Downtown Pomona is the cultural, civic and historic heart of the City, surrounding the increasingly popular Downtown Pomona Transit Station. Funded by a Metro Transit Oriented Development Planning Grant, RRM Design Group was retained by the City of Pomona to update the existing 1994 Downtown Specific Plan to support transit-oriented development and further implement the 2014 General Plan vision for a vibrant downtown. Grant goals include improving mobility, reducing greenhouse gases, and enhancing sustainability. Key themes include eliminating contradictory regulations, improving ease of use, coordinating with the concurrent Zoning Code Update, enhancing Downtown identity and placemaking, and updating development regulations, implementation actions and incentives to align with market-driven revitalization. Stakeholder meetings, community workshops, study sessions and associated website supported development of the updated plan.

## RANCHO SANTA MARGARITA GENERAL PLAN, LHMP, EIR AND HOUSING AND SAFETY ELEMENTS

While at her previous firm, Starla Barker managed preparation of the City's General Plan Update and EIR. The Rancho Santa Margarita General Plan Update involved updating the City's environmental baseline conditions; updating the General Plan development projections for the year 2040; and providing new/updated goals and policies to address the community's vision for future development and growth. The mission of the General Plan Update is to uphold and honor the original Rancho Santa Margarita Planned Community Master Plan; prepare Rancho Santa Margarita for the next 20 years; maintain a balance of land uses; maintain and support quality of life, community satisfaction, and safety for all residents; and update the General Plan to meet new State requirements. A Programmatic EIR was prepared to analyze the impacts associated with implementation of the General Plan. The Program EIR serves as a tiering document for future development activities within the City. Key environmental issues included air quality, biological resources, cultural resources, and greenhouse gas emissions.

De Novo Planning Group prepared the update to the City's Housing and Safety Elements. As a built-out community with no vacant land remaining, De Novo worked closely with the City, community members, business owners, and property owners to identify specific parcels in the City where new housing development is most appropriate and acceptable. This deliberate public process resulted in a unanimous decision by the Planning Commission to recommend the Housing Element for adoption and unanimous approval by the City Council. The Housing Element was certified in September 2022. The work program included preparation of comprehensive Addendum to the Rancho Santa Margarita General Plan Update EIR.

## SAN JACINTO GENERAL PLAN, ZONING UPDATE, AND EIR

De Novo Planning Group led a group of consultants to work with the City of San Jacinto to prepare a comprehensive update to the City's General Plan and the corresponding EIR, as well as a focused update to its Zoning Ordinance, and Cultural Landscape Study. Integrating innovative engagement techniques and creative communication methods are key to this important project in San Jacinto. Like the rest of the Inland Empire, the City of San Jacinto is experiencing changes to who lives, works, and visits the community. Its residents are more diverse than ever; its population is getting older, but relatively affordable home prices and new development in the Downtown (spurred by the forthcoming Downtown Specific Plan) will attract new residents to this charming community. People who call San Jacinto home celebrate the City's history and culture and are proud of its special place in the Inland Empire.

Building off the excitement of Envision San Jacinto's Go Human event, the City's General Plan Update continued to engage a wide range of community members and key stakeholders through traditional in-person and online outreach strategies. As part of our elevated work program, De Novo prepared a brief 3-minute video celebrating the history of San Jacinto and describing how the City is preparing for



### City of Rancho Santa Margarita 2021-2029 Housing Element Update

The City of Rancho Santa Margarita is in the process of preparing the 2021-2029 Housing Element. This Fact Sheet is intended to answer commonly asked questions, provide information about the update process, and let you know how to get involved.

**What is a Housing Element?**  
The Housing Element is a section of the City's General Plan that looks at housing needs and conditions within Rancho Santa Margarita. It is a policy document that identifies goals, policies, and programs that the City uses to direct and guide actions related to housing.

**Why is the City updating its Housing Element?**  
Each city and county in California is required to have a Housing Element and update it at least every eight years. Updating the Housing Element gives the City a clear picture of housing-related issues such as housing supply and demand, the types of housing available within the City, housing affordability, and homelessness. Once the Housing Element is updated, it must be approved by the California Department of Housing and Community Development (CDH). Updating the Housing Element will ensure that the City meets State requirements, and makes Rancho Santa Margarita eligible for State grants and other funding resources. It will also give our elected and appointed officials clear guidance on housing issues facing Rancho Santa Margarita.

**Some key features of the Housing Element include:**  
Demographic and housing characteristics  
An assessment of fair housing  
An evaluation of housing conditions and existing resources  
An analysis of potential sites appropriate for new housing  
An evaluation of existing policies and programs  
Development of policies and programs to support housing production

**The Housing Element is a policy document that identifies goals, policies, and programs that the City uses to direct and guide actions related to housing.**



### REGIONAL HOUSING NEEDS ALLOCATION (RHNA) AND HOUSING ELEMENT UPDATE

CITY OF RANCHO SANTA MARGARITA  
JANUARY 5, 2021  
CHERYL KULTA, DEVELOPMENT SERVICES DIRECTOR  
ckulta@cityofrm.org





Based on information gathered from the community, the team was able to assemble a new land use plan that expands the range of housing and business development opportunities throughout the City. This involved a process of direct property owner engagement, as well as review by the Planning Commission and City Council. De Novo implemented the General Plan through an update to the Zoning Code, including Housing Element Implementation.

De Novo Planning Group is currently working with the City of San Marcos to prepare a comprehensive update to the City's General Plan and the corresponding EIR, as well as a focused update to its Zoning Ordinance. Originally launched in 2019, the project was placed on a brief hold as the City addressed issues related to the COVID-19 pandemic. Upon the project's relaunch in mid-2021, De Novo and Kearns & West reengaged the public using a mix of traditional in-person events as well as new online tools. This included facilitating General Plan Advisory Committee meetings in-person some months and virtually other months, preparing and distributing bilingual advertisements, sending direct mailers (twice), hosting in-person visioning workshops, and managing multiple online surveys and community briefings.

## WHAT WE HEARD



**1** VALUES, ISSUES, AND OPPORTUNITIES

**2** TRANSPORTATION

**3** LAND USE AND HOUSING

How We Spread the Word:

- Facebook
- Instagram
- NextDoor
- Emails
- Direct Mailer

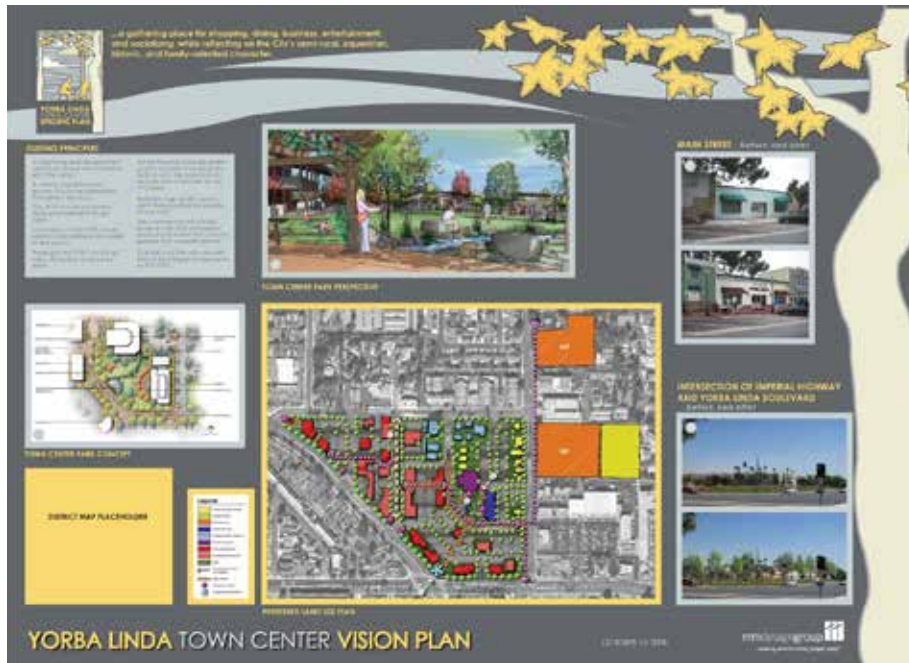
**15,000+** households

**130** people

Spanish & English

[illegible]

## YORBA LINDA TOWN CENTER SPECIFIC PLAN



*“RRM is [...] commended for advocating a higher quality built environment without losing sight of community expectations and market realities.”*

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Steve K. Harris, AICP, Director of Community Development, City of Yorba Linda



## YORBA LINDA TOWN CENTER SPECIFIC PLAN YORBA LINDA, CA

### NOTABLE INFO AND STATS:

*Client: City of Yorba Linda*



### RRM SERVICES PROVIDED:

*Planning, Architecture,  
Landscape Architecture, Graphic Design*



### AWARDS & RECOGNITION:

*Planning Achievement Award:*

*Hard Won Victories*

*American Planning Association (APA),  
California Chapter, Orange County Section, 2012*



The Town Center Specific Plan was developed as a result of significant public dissatisfaction, which resulted in the City Council’s rescinding an approved development plan, passing a citizen’s “right-to-vote” referendum on development issues, unseating the City Council majority, and a change in several senior management staff positions. RRM led an intensive community engagement process with months of public meetings, workshops, study sessions, and public hearings while developing a plan that was ultimately embraced by the community and adopted unanimously by the City Council. Key features of the Specific Plan for this include retail land use districts, infusion of residential land uses, relocation of an existing public library from a prime retail location to the central core of the planning area, inclusion of a public open space, design guidelines based on the existing historic architectural palette and a “tiered-density” approach to allow the Specific Plan to be adopted ahead of the required community-wide vote.

## 2C. QUALIFICATIONS

As described throughout this proposal, our team—De Novo Planning Group, RRM Design, Harris & Associates, and Kittelson & Associates, Inc.—is uniquely well-qualified to complete this assignment for the City of Brea. We are financially responsible, have the demonstrated technical ability, are capable of developing innovative and advanced techniques to complete similar assignments, host a range of special qualifications, training and certificates, and maintain strict project controls to exceed the expectations of our clients. Our key qualifications along with an organization chart and profile of key staff is provided on the following pages.

### FINANCIAL RESPONSIBILITY

De Novo Planning Group and our team members are all financially secure and have no significant financial purchases or decisions that could impact the ability of our firms to complete the proposed scope of work. We all maintain the highest degree of financial accounting responsibility and work closely with professional experts and tracking software to operate securely.

### DEMONSTRATED TECHNICAL ABILITY

De Novo Planning Group and our team members are experts in long-range planning, community design, economics, transportation, cultural resources, noise, air quality, infrastructure, and hazards. As part of good planning practice, the De Novo team has always approached General Plan Update projects through the lens of the community's vision for the future and associated place-making, multimodal transportation, and economic development issues. While independent topics, they come together during long-range policy planning efforts to strengthen a city's commitment to improve the quality of life for all of its residents, workers, and visitors.

De Novo and our teaming partners on this project are also fully equipped to carefully consider the roles of environmental justice, community health and wellness, sustainability, and hazards as part of the planning framework and are able to provide solid goals and policies and specific direction on actions the City can take to improve its quality of life. We develop effective goals, policies, and implementation measures to address these topics.

### INNOVATIVE AND ADVANCED TECHNIQUES

The entire De Novo project team deeply understands how the use of creative strategies and technology can improve the public input process. Our past experience preparing long-range policy documents has taught us that a key to a successful project is extensive and consistent community and city leadership involvement. However, the process of working with a group of diverse interests can be challenging, it may be difficult to reach consensus on all issues, and there may be challenges associated with generating public interest and involvement in the process.

It is important for the City to work with a consultant team that keenly understands how to effectively plan and execute a creative public process that pays special attention to engaging individuals who do not traditionally participate and builds lasting public trust. De Novo's project managers, Amanda Tropiano and Perry Banner, have led community outreach programs for numerous General Plan Updates and are well-versed in approaches to encourage diverse community involvement. Additionally, Amanda holds an advanced certificate in public participation from the International Association of Public Participation (IAP2), which makes her uniquely qualified to lead this effort.

We have designed a creative and strategic community engagement program that maximizes the use of technology to engage people more quickly and at lower costs than traditional methods. We continually look for opportunities to enhance the experience and are willing and able to adapt quickly during the project to customize our approach, implement new effective tools, and reflect lessons learned.

When a program doesn't go as-planned or produce the expected results, the De Novo team seeks to identify the underlying challenge and address it head-on. Our work program are all intended to help the City achieve the level of engagement that must be present in this process in order to prepare meaningful policy documents.



## **ANALYZE AND PRESENT INFORMATION**

Our team is composed of creative and strategic problem solvers. We relish the opportunity to study, evaluate, and analyze facts and information, synthesize that information, and present it to the public, stakeholders, and decision-makers. For example, the team will prepare an Opportunities and Challenges Report early in the project to ensure that the existing planning context is recorded correctly, and we will share this information publicly to ensure all stakeholders have a consistent baseline understanding of the issues and opportunities facing the City. Factual information is the basis for our decision-making, and it is critically important that our team carefully analyzes and presents information to support the project's success.

## **GRAPHIC PRESENTATION**

The graphic presentation of public-facing material and final deliverables is an important part of the planning process. Information must be clearly and correctly presented, easy to understand, and visually interesting. Our team of planners and urban designers work closely with City staff to ensure that work products reflect the overall agency image and style (colors, text style, and organization) while also reflecting the customized project branding program. We use charts, graphs, tables and figures where appropriate, and supplement this information with well-written text and taglines to communicate ideas.

## **EXPERIENCE WITH STATE LAWS AND PROCEDURES**

Our team knows that state laws and procedures are constantly evolving. Updates to planning and zoning policies are necessary as new laws get adopted and new requirements go into effect. Our experience working with HCD and our familiarity with recent legislation gives us experience understanding, adopting, and interpreting new laws and procedures. From housing and CEQA reform, to addressing homelessness and parking requirements, we are educated on recent changes and work with our clients to represent their values and interests in a way that meets state requirements.

## **FOCUS ON IMPLEMENTATION**

De Novo project managers have served as contract staff to agencies and have been involved with the planning and implementation of General Plan Updates and Specific Plans. This experience gives us the unique perspective and skill of being able to understand community needs and expectations, develop an implementable community vision, and identify action-oriented steps the City must take to implement the vision through long-range planning documents. De Novo recently led the City of Lake Forest General Plan Update (adopted in 2020), which was that agency's first comprehensive update since adopting its first General Plan after incorporation. The lessons learned through that experience, including a deep and meaningful community engagement program, have resulted in numerous actions implemented by the City, including a Neighborhood Improvement Study with funding allocated to implementing local neighborhood improvement actions in southwest Lake Forest, the implementation of new mixed-use land use designations to create more vibrant nodes of activity throughout the city and accommodate additional attainable housing options, and funding for specific capital improvement projects to support future private development.

## **ADHERE TO SCHEDULE AND BUDGET**

Our project team is fully committed to implementing an effective and efficient engagement program. We thrive under deadlines, and we have a track record of meeting or exceeding our project schedules. Our use of Principal-level staff throughout all stages of the project allows us to work quickly, efficiently, and produce preliminary draft documents of superior quality. Our project managers take a very active and hands-on role, and we diligently manage our team and coordinate with City staff to ensure that all parties are continuously aware of pending deadlines, outstanding tasks, and draft work products that will require staff review.

We take tremendous pride in our ability to adhere to our project budgets. Our project managers are also owners of the firm, and to this end, we have the authority to take any steps necessary to ensure that our projects remain on budget. We strongly encourage the City to call every single one of our references and specifically inquire about the extraordinary steps we take to ensure we do not modify or exceed our budgets. This regularly includes the addition of extra meetings and hearings, and the allocation of staff time and resources beyond the levels identified in our proposal, at no extra charge to the City. We know that this is a unique way of doing business, but it has proven to be a tremendously successful approach for our firm.

Our project team is fully committed to implementing an effective and efficient work program and bringing the project forward for adoption by December 2025. We thrive under deadlines, and we have a track record of meeting or exceeding our project schedules. Our use of Principal-level staff throughout all stages of the project allows us to work quickly, efficiently, and produce preliminary draft documents of superior quality. Our project managers take a very active and hands-on role, and we diligently manage our team and coordinate with City staff to ensure that all parties are continuously aware of pending deadlines, outstanding tasks, and draft work products that will require staff review.

We take tremendous pride in our ability to adhere to our project budgets. Our project managers are also principals and senior managers of the firm, and to this end, we have the authority to take any steps necessary to ensure that our projects remain on budget. We manage our project

budgets using sophisticated budget tracking software and all members of the team log and record hours-worked by task to provide a transparent accounting process. Project Manager and Principal Amanda Tropiano will manage all monthly billing reports and will provide the City with a corresponding monthly status report identify work completed, upcoming work efforts, and outstanding action items.

We strongly encourage the City to call every one of our references and specifically inquire about the extraordinary steps we take to ensure we do not modify or exceed our budgets.

## **QUALITY ASSURANCE/QUALITY CONTROL (QA/QC)**

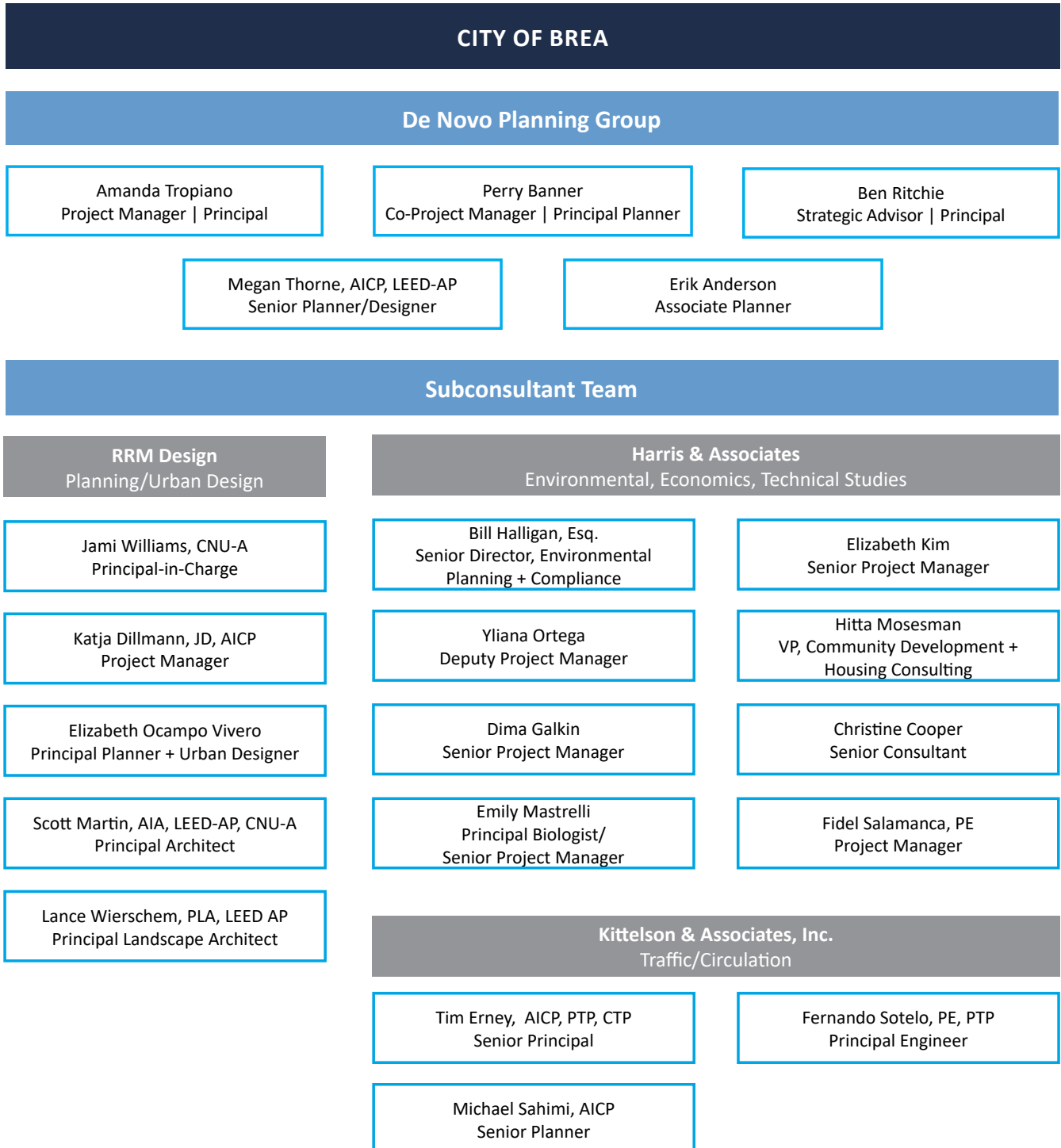
Coordinating closely with City staff, De Novo's management team will ensure that our deliverables address regulatory requirements and are completed in a timely and professional manner. Our internal quality control review includes review of our documents by a Principal Planner and Technical Editor.

The first stage of review includes verification of the technical adequacy of the analysis, that the document addresses the format and content requirements of the client, technical information, and that all components of the project are correct. This review is intended to ensure document accuracy as well as consistency between policy documents. The second stage of review involves senior staff not directly involved in the project to provide a clean set of eyes and encompasses all sections of the document. The final stage of the review focuses on grammar, spelling, and the internal consistency of the document. This review also ensures that the document is written in a clear and understandable manner.

## TEAM ORGANIZATION

De Novo will be the prime and manage a team with deep experience planning and implementing General Plan Updates. Below is a chart outlining key management personnel. For ease of reference, the following pages include brief biographies for key staff, and resumes for all team members are included in Appendix A. Amanda Tropiano, a Principal and Owner at De Novo, will serve as the overall Project Manager.

All team members have confirmed availability to complete the scheduled work program in accordance with the hours and scope of work detailed in this budget. All project managers identified have at least 20% availability and all technical staff have at least 30% availability. The staff shown in this proposal is committed to the success of this project.



### Amanda Tropiano

De Novo



With deep professional planning experience in the region, Amanda has successfully managed a wide variety of land use planning projects, all of which have included a robust community engagement program. These projects include General Plan Updates for Lake Forest, San Jacinto, San Marcos, Indian Wells, Lawndale, and La Verne and community projects in Irvine, Yorba Linda, Westminster, Rancho Santa Margarita, and Tustin. Amanda is certified by the International Association of Public Participation (IAP2).

### Perry Banner

De Novo



Perry Banner brings a combined 18 years of experience in local government and private practice planning to the firm with work in both the United States and Canada. Perry possesses a diverse range of skills, including project management, land use analysis and policy development. His capabilities also include economic development and real estate development. Perry has successfully managed a wide variety of General Plan Updates, zoning documents, and public outreach programs.

### Ben Ritchie

De Novo



Mr. Ritchie's expertise includes managing long range planning documents, completing complex and controversial CEQA documents, and facilitating community outreach and public communications efforts for the firm including over a dozen General Plan Updates in northern California. Mr. Ritchie is very adept at leading and facilitating the public outreach, visioning, and consensus building process required for a successful long-range policy plan.

### Jami Williams

RRM Design



As a leading urban planner and managing partner at RRM Design Group, Jami Williams brings a wealth of experience to each project she's involved in. Jami can translate public concern and preference into cutting-edge design and policy. Her ability to implement clients' visions and needs into community beneficial design makes her one of RRM's most trusted urban planners. Jami leads her team with hands-on collaboration and creative problem-solving. With experience in smart growth, mixed-use and transit-oriented planning, her ability to maximize quality design, minimize costs and build on community consensus.

### Katja Dillmann

RRM Design



As a trained lawyer and city planner, Katja Dillmann brings an enriching perspective to RRM's Planning team. Her commitment to community impact and inclusivity informs much of her work. From bicycle infrastructure to elementary school safe routes to school planning and programming, Katja's passion centers around active transportation. With a personal love for bicycling and active living, she's committed to building plans that enhance a city's outdoor space. Not only do Katja's projects enliven cityscapes, but they add to the community as well. She makes sure to fulfill the needs of, not just the client, but the community at large.

### Elizabeth Ocampo Vivero

RRM Design



Elizabeth Ocampo Vivero is a passionate urban planner with experience in community planning, land use planning, project management, and urban design. Prior to joining RRM Design Group, Elizabeth worked as Director of Planning and Urban Design at a planning and architecture firm in San Diego, where she led the planning practice of the firm, and managed a series of projects, including multi-family re-development projects, streetscape improvement projects, and specific plan amendments. Elizabeth's experience includes seven years at the City of San Diego Planning Department, where she participated in numerous high-profile projects.

**Scott Martin**

RRM Design



Scott is a talented architect with a keen ability to be innovative and sensitive to clients' needs. His project focus and experience are wide-ranging, from illustration, master planning, urban design, needs assessments, and design review to the production and construction of facilities. Scott is a LEED Accredited Professional with a high level of expertise in designing and implementing sustainable solutions. Scott's unique relationship with both public and private clients gives him an understanding of the realities of development and community priorities.

**Lance Wierschem**

RRM Design



With a sharp eye, Lance Wierschem's detailed design enhances the artistry of each project he is involved in. As an experienced landscape architect and planner, Lance offers an expansive view of design. From trails and recreational parks to public and community centers, Lance's versatile experience serves both his team and his clients. Engaged in all aspects of project administration, from visioning to construction, his alliance to creative collaboration is reflected in his work. Both his collaborative efforts and his artistic vision guide Lance's design process, elevating outdoor spaces into captivating environments.

**William Halligan**

Harris & Associates



An environmental practitioner and attorney with more than 30 years of experience in private- and public-sector planning, Bill has prepared hundreds of environmental documents for a diverse range of projects throughout California. Throughout his career, Bill has leveraged his specialty in land use and environmental law to help agencies continually withstand legal challenges related to CEQA. In addition to CEQA documentation, Bill also provides third-party review for legal adequacy of EIRs prepared by other consultants. His diverse background provides him with a unique understanding.

**Elizabeth Kim**

Harris & Associates



With 22 years of professional experience, Elizabeth is a seasoned and highly versatile senior planner who has expert CEQA knowledge and skills with exceptional work ethics. She has successfully completed CEQA documents for many different types and sizes of projects from the proposal stage to adoption/certification. As a project manager, she oversees all aspects of the environmental process and confirms adherence to budget and scope. Elizabeth has successfully navigated project challenges such as community opposition and health and safety concerns.

**Yliana Ortega**

Harris & Associates



Yliana works to assist cities and counties with planning for their future through preparation of technically sound and legally defensible analyses and environmental impact assessment documentation, including technical writing, analysis, review, and quality control in compliance with both CEQA and NEPA, including the latest changes to CEQA Guidelines and legislation. She been growing her career in environmental document preparation for the last four years, with her project work focusing on Southern California agencies.

**Hitta Mosesman**

Harris & Associates



Hitta has over 20 years of housing and community development consulting experience and has worked with cities, public agencies, and special districts throughout California. Hitta has unique expertise that ranges from planning to economic and financial analysis, to project implementation related to housing and other land uses. She is currently leading services for the cities of Walnut Creek, Irvine, Victorville, Hawthorne, Duarte, Bellflower, and Garden Grove on housing elements as well as analyzing tools to produce affordable housing projects and implementing affordable housing projects.



**Dima Galkin**  
Harris & Associates



Dima has more than ten years of experience in housing analysis for both market-rate and affordable development. He has advised California cities on affordable housing asset management and disposition, reviewed pro formas, and provided data analysis for inclusionary housing in-lieu fees.

**Christine Cooper**  
Harris & Associates



Christy has more than thirty years of experience working in, analyzing, and characterizing the water industry and its myriad technologies and practice areas. She led the strategic planning function for a \$1 billion water engineering business. She has also prepared Urban Water Management Plans and related Water Supply Assessments. Her background combined with a client-centric approach help make sure that cities receive clear, concise reports that meet their regulatory and development needs, now and well into the future. She currently serves her community as a board member of the Meiners Oaks Water District.

**Tim Erney**  
Kittelson & Associates



Tim Erney is a Senior Principal Planner with over 20 years of experience managing analyses and documentation for sustainable transportation practices, TDM measures, pedestrian and bicycle reviews, environmental review projects, access and circulation studies, parking evaluations, and data collection programs. In addition, he has conducted detailed technical analyses of local and regional roadway facilities, including traffic forecasting, modal split analyses, traffic diversion, and operational analyses. Tim has been leading the firm's efforts on the evaluation of emerging technologies and alternative evaluation metrics.

**Emily Mastrelli**  
Harris & Associates



Emily is a wildlife biologist with 15 seasons of field experience, over two years of experience with regulatory permitting, and four years of experience as a project manager and coordinator. Specializing in ornithology and desert tortoises, Emily's other project work includes venomous and non-venomous snakes, butterflies, vernal pool branchiopods and small mammals. She has previously been an authorized desert tortoise biologist with extensive handling experience. She is also experienced with bird banding and is permitted as a Master Bander by the Bird Banding Laboratory.

**Fernando Sotelo**  
Kittelson & Associates



Fernando Sotelo has extensive experience in CEQA and the technical aspects of transportation planning, including travel demand forecasting, traffic impact analyses, and parking demand studies. His professional experience with traffic and parking analyses includes schools and a variety of land development uses, such as warehousing, mixed use, commercial, and recreation projects in throughout California. Fernando understands the complexities of transportation planning and has prepared transportation sections of Environmental Impact Reports for major projects such as general plan updates and specific plans.

**Fidel Salamanca**  
Harris & Associates



Fidel has considerable experience analyzing urban storm water systems, open channels, environmental hydraulics, pumps, reservoirs, and large watersheds. Fidel has developed Storm Drain Master Plans for many cities and counties in California. He has also been involved in water quality-related projects and assisted with trash capture feasibility studies. Fidel has conducted several third-party reviews to confirm NPDES compliance and has valuable experience preparing hydraulic analyses and designing storm water networks, open channels, culverts, and storm water and sanitary sewer pump stations.

## 2D. UNDERSTANDING

The City of Brea is seeking a qualified consulting team who has demonstrated and relevant experience preparing General Plans, Specific Plans, and environmental documents, to prepare an update to the City's General Plan, a new Brea Core Specific Plan, and associated environmental documents.

The successful consultant team must be familiar with the unique needs of communities in the region, and must have demonstrated success implementing a wide range of community outreach and participation tools in order to maximize meaningful public participation, gain community support, and ensure that the Plans carry forward the vision and values of Brea residents, businesses, and leadership. As demonstrated throughout this proposal, the De Novo team is uniquely well-qualified to undertake this project.

The City is seeking a team that will lead and manage all aspects of the General Plan Update, while coordinating with staff, the public, the Planning Commission, and the City Council. The successful firm will be able to complete this comprehensive work effort expeditiously (by December 2025) and will maintain strict adherence to the project budget.

There have been a number of changes to state Planning and Zoning Law in regards to the topics General Plans are required to address. General Plans are still required to cover seven primary elements: land use, housing, circulation, conservation, open space, noise, and safety. However, within the context of these overarching elements the State has provided direction on how to cover specific topics including climate change and resiliency, environmental justice, wildfire risk, urban/wildland interface, flooding, complete streets, and transportation impact metrics. In addition, the California Office of Planning and Research (OPR) updated its General Plan Guidelines in 2017, which must be considered and followed when undertaking a General Plan Update. Our team has successfully completed several comprehensive General Plan updates utilizing OPR's current Guidelines. Moreover, Harris & Associates prepared the City's General Plan Audit and has already identified specific revisions necessary to comply with State law.

A comprehensive planning program—whereby the City updates the entire General Plan and prepared a Specific Plan at once, while also preparing a Program EIR—provides the City with the opportunity to engage the community in a robust discussion regarding the City's vision and values. This is a chance for the City to create a Vision Plan and clearly articulate the community's contemporary goals, policies and desired implementation actions. By addressing all topics at once, the City can address critical topics from a broad perspective, realize better public involvement due to increased scope and momentum, achieve full CEQA coverage at once, and benefit from a shorter schedule and reduced costs.

Like the rest of Orange County, the City of Brea is experiencing changes to who lives, works, and visits the community. **The City of Brea must clearly understand its own issues and opportunities, make sure the General Plan articulates the community's vision for the future, and implement the goals, policies, and actions of the General Plan to make that vision a reality.** At the same time, Brea must continue to think strategically about its role in the region and how its decisions influence or are impacted by its neighbors, particularly in terms of regional issues like transportation, economic development, sustainability, and environmental justice.

A solid General Plan and new implementation-oriented Specific Plan for the Core Area have the potential to serve as the bedrock for future growth and development in the City and support other critical City plans and programs, including park planning, fees, and infrastructure master plans. Our scope of work builds off of the work completed under the Envision Brea banner, and seeks to leverage existing community input to maximize participation and support for the planning documents. While we believe that the program we have included fully addresses the needs of your community, we welcome the opportunity to refine our approach as needed to ensure that your expectations are realized.

## 2E. ADDITIONAL REQUIREMENTS

As a partner on this project, the De Novo Team sees the following items as being under the purview of staff responsibilities. Those items include:

- » Providing all necessary background data including background documents (adopted documents, reports, and studies), GIS information, and any other necessary city-owned data
- » Securing meeting locations and/or needed facilities for all in-person public outreach events
- » Facilitation of the process to identify and appoint General Plan Advisory Committee members
- » Identifying key stakeholders and key partnerships for inclusion in the General Plan update process
- » Local distribution of required notices and documents
- » Timely review of draft work products and consolidated comments
- » Payment of noticing and filing fees (i.e., Clerk fees, CDFW fees, etc.)

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An aerial photograph of a suburban neighborhood, likely in Southern California, showing a mix of residential houses, commercial buildings, and parking lots. A blue square overlay in the upper right corner contains the white number 3.

3

**TECHNICAL**

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## 3A. APPROACH

We have prepared the following work plan in response to the City's Request for Proposals and our experience working on other General Plan, Specific Plan, and Environmental Review projects throughout California. All work products will be delivered in an electronic format; where hard copies of products are provided, they are specifically identified in the associated task deliverable. For every task with a deliverable, we have identified the responsible primary team member(s) using the following abbreviations:

- » DN: De Novo Planning Group (prime consultant)
- » HA: Harris & Associates (economics, environmental, infrastructure)
- » RRM: RRM Design (urban design)
- » KAI: Kittelson & Associates, Inc. (mobility)

### PHASE 1: PROJECT MANAGEMENT AND COORDINATION

De Novo will serve as the Prime Consultant of a multi-disciplinary professional services team, responsible for all coordination activities, including coordination of sub-consultants and administrative tasks. For this project, De Novo has assembled a team of technical experts with a deep history and success working together to prepare and implement General Plans and Specific Plans. We hold ourselves to the highest professional standards and we are committed to completing the project objectives on schedule and on budget.

#### 1.1 MEETINGS WITH CITY STAFF (DN)

De Novo will facilitate twice-a-month meetings with City staff to ensure that the project is on schedule, on budget, and that any issues are quickly resolved. All meetings will be conducted virtually, unless an in-person meeting is deemed necessary by City Staff.

##### 1.1 Deliverables:

- » Twice monthly meetings with City staff for 24 months

#### 1.2 PROJECT ADMINISTRATION (DN)

Our strategy includes a dedicated Principal-level project manager who will be hands-on throughout the project. Our internal administration procedures include: regular check-ins with subconsultant teams; internal weekly conference calls with the management team from De Novo and each subconsultant (as relevant to the timing of the task of each subconsultant); biweekly updates to the task list, including internal deliverables necessary to meet our deliverables to the City; and establishment of a secure online file sharing site to ensure that all background documents, technical reports, updated schedules, and approach memos are readily available to each team member.

##### 1.2 Deliverables:

- » Ongoing project administration led by the Project Manager

## PHASE 2: PROJECT INITIATION

The project will begin with the consultant team providing a high-level project overview and refined timeline at a meeting with City staff, collecting data, analyzing existing conditions, and evaluating opportunities and issues.

### 2.1 KICK-OFF MEETING AND TOUR (DN, HA, RRM, KAI)

Within two weeks of receiving the notice-to-proceed, the De Novo team will meet in-person with City staff (hybrid/remote connection will also be available) to kick-off the project and participate in a tour of the City, with a special focus on understanding key opportunities in the Brea Core area. We anticipate discussing the following at the kick-off meeting:

- » Project management and communication protocols;
- » Confirm/finalize project scope of work and schedule;
- » Discuss community outreach approach; and
- » Review data request for key background documents

We recommend that representatives from most (or all) City departments participate in the kick-off meeting. Following the meeting, the team will take a tour of the City to discuss key issues and opportunities.

#### 2.1 Deliverables:

- » Meeting agenda, data needs list, summary notes, tour photos, project schedule/work plan with major work components and milestones

### 2.2 BASE MAPPING (DN)

De Novo will prepare a parcel-level citywide base map in ArcGIS which will be used by all team members for all graphics for the duration of the project; this will include a high-quality aerial base map generated from existing digital sources, suitable for high-quality large format reproduction. The budget for this task assumes that the City will provide the Assessor parcel data.

#### 2.2 Deliverables:

- » GIS base map

### 2.3 MARKET ANALYSIS (HA)

Harris will prepare a Market Analysis that identifies the existing demographic and market conditions and trends, as well as demand potential for residential, commercial, and industrial land uses. Harris will utilize valid, reliable third-party data sources such as ESRI, Moody's Analytics and Costar to analyze and document the existing and potential market for different land uses in the City. Data and information from the City's certified 6th Cycle Housing Element will be utilized to estimate the impact of the additional planned housing units on the City's ability to attract and retain commercial uses. In addition to a Citywide analysis for the General Plan update, the market analysis will estimate and analyze demand within the Specific Plan area. The results of the market analysis will be incorporated into the General Plan Update, particularly into the Land Use Element and the land use alternatives to be considered, as well as into the Specific Plan.

#### 2.3 Deliverables:

- » Draft and Final market analysis (digital)

### 2.4 MOBILITY CONDITIONS (KAI)

A solid understanding of the existing multi-modal conditions is the foundation of a robust and comprehensive mobility and circulation plan. To this end, Kittelson will conduct an assessment of the existing auto, transit, pedestrian, bicycle, and truck conditions, through a combination of data available from the City, City plans and programs, and new data/observations. To support this effort, Kittelson will conduct peak hour counts at up to 20 intersections and daily counts at 30 roadway segments throughout the City.

Kittelson will review key local planning documents (such as the City's adopted General Plan and the Brea Core Active Transportation Plan), regional planning documents (such as the SCAG RTP/SCS, the Orange County Master Plan of Arterial Highways, etc.), and documentation describing planned transportation improvement projects. We will also review existing local, regional and state policy framework and legislative requirements.



An existing conditions memorandum will be prepared to identify the primary networks for each travel mode and identify gaps or significant deficiencies in the networks, such as barriers to walking and biking. Existing conditions will be assessed using available data from the City, current City plans and programs, and aerial images. Kittelson will also rely on US Census and other data sources such as Replica to review key metrics related to mobility in the City. A memorandum will be provided to summarize the regulatory framework, existing circulation network, and findings of gaps and deficiencies in the networks, and opportunities and constraints. One round of revisions based on a set of consolidated comments is included.

#### **2.4 Deliverables:**

- » Existing transportation conditions memorandum, and one round of revisions

### **2.5 OPPORTUNITIES AND CHALLENGES (DN)**

De Novo will prepare a focused Opportunities and Challenges Report to clearly summarize the key issues, opportunities and challenges facing the City as it undertakes its General Plan Update. While the topics to be included in the Report will be extracted from the findings of the other tasks, we expect that the following topic areas may be discussed: existing land use, development patterns and projects, environmental constraints, and regulatory codes. The Report will also clearly identify confirmed future opportunity areas and/or areas for redevelopment as well as areas that should be preserved and protected.

The Opportunities and Challenges Report will be designed using a magazine format and will be prepared so that it can be presented as a stand-alone document to key stakeholders, decision-makers, and the public to help educate them on the major topics that must be addressed in the General Plan Update. De Novo will prepare an Administrative Draft Opportunities and Challenges Report for review by City staff. Staff will provide De Novo one consolidated set of comments on the Administrative Draft and De Novo will revise the material and prepare a Final Opportunities and Challenges Report for distribution.

#### **2.5 Deliverables:**

- » Administrative Draft, Final (10 copies)

## **PHASE 3: PUBLIC ENGAGEMENT**

Our team proposes a multi-pronged approach to outreach with open houses, focus groups, and online engagement that can connect with multiple population groups. Our team uses specialized outreach techniques that are woven together through the planning phases with an emphasis on engaging stakeholders around key plan elements. At the core of the outreach strategy must be a careful assessment of various stakeholder interests, objectives for public involvement, how to best synchronize the public dialogue with the relevant steps in the planning process, and strategic communications to share how land use, circulation, and economic development policy shapes a community. Outreach for this phase of the General Plan must involve inviting community members to learn about land use policy and how decisions shape a community. In order for the public to see how their input shapes a process, the community outreach program should provide clear timelines for policy decisions, how input informs these decisions, and the eventual decision-point outcomes.

De Novo has designed a public outreach program for this project that will gather valuable feedback right from the beginning that meets the City's desired timeline and is translated into a General Plan that the community is not only proud of but has ownership over.

With in-house community engagement expertise, De Novo is able to effectively and efficiently manage the entire work program, collaborate with public engagement specialists, and connect outreach efforts to actionable public policy work programs.

### **3.1 COMMUNITY OUTREACH PROGRAM (DN)**

Following the project kick-off meeting, the team will prepare a Community Outreach which will serve as a guide to the community and stakeholder engagement process. The Community Outreach Program will include elements necessary for the consultant team and City staff to create pathways for active public engagement in this phase of the General Plan Update. It will incorporate goals for participation from all segments of the community, stakeholder analysis, a communications plan, programs & activities, roles and responsibilities, and a calendar. For each outreach activity, a schedule, date, target group, purpose, and public participation goal will be identified. The Community Outreach Program will include strategies for

informing the community on land use policy and how it relates to their communities.

### 3.1 Deliverables:

- » Community Outreach Program

### 3.2 DIRECT MAILER (DN)

To ensure maximum participation in the General Plan Update process, we propose preparing and delivering a postcard-sized advertisement to every residential and business address in the City. To maximize the effectiveness of the direct mailer, we recommend that the mailer be prepared and delivered at the very beginning of the project. A bilingual mailer is envisioned to include the following information:

- » A brief message regarding the project components and objectives
- » Details for upcoming outreach activities (if known)
- » A link to the project website/contact information

The De Novo team will design the mailer and work with a local printer to prepare and deliver the mailers using the USPS Every Door Direct Mail (EDDM) delivery system. Based on USPS records, there are approximately 9,000 residential and business addresses in the City. This task includes preparation, printing, coordination with the USPS EDDM program, and delivery (postage).

### 3.2 Deliverables:

- » One postcard-sized direct mailer, two-sided, in black and white; approximately 9,000 mailers printed and delivered to every address in the City

### 3.3 EDUCATIONAL MATERIALS AND ANNOUNCEMENTS (DN)

In coordination with City staff, our team will identify educational materials and digital engagement tools to share information about land use policy and how community members can attend the open houses. We will work with City staff to share all educational and engagement materials, along with project updates, via the City's website, the project website, existing communication and stakeholder networks, and social media outlets. The team will develop a flier for each open house, e-mail blasts, website content and a social media plan with sample social media blurbs for the project. Our team will work with City staff to develop shorthand project updates and educational content in the form of NextDoor posts, Facebook posts, and website updates.

### 3.3 Deliverables:

- » Regular content development and delivery throughout the project

### 3.4 DIGITAL ENGAGEMENT (DN)

Our team proposes using an online survey tool to gather more specific input from the community on key work products, including the land use alternatives report and draft Elements. Our outreach team has found SurveyMonkey to be a cost-efficient yet engaging tool for gathering meaningful feedback. Surveys will be based on the programs and activities defined in the Community Outreach Program. The project team will design two surveys, released after or during each open house. This task also includes ongoing preparation and maintenance of a dedicated project website (designed and managed by De Novo).

The way people learn about General Plans has evolved over time and new multimedia engagement programs are more relevant than ever. A picture, or a video, is often worth a thousand words. To help engage the public and educate the community on why the City is updating its General Plan and how it will impact them, we will prepare a brief (2-3 minute) General Plan Update overview video. Animated text graphics will help to call-out key ideas and facts. Videos will be formatted for web and internal distribution.

### 3.4 Deliverables:

- » Website development and ongoing management; two online surveys
- » One 2-3 minute video

### 3.5 POP-UPS AND OPEN HOUSES (DN, RRM)

Our team will host up to four pop-up events and four open houses during the project. The four pop-up events will be timed to occur concurrent with ongoing community activities, in an effort to maximize participation. Material prepared for the pop-up events will also be transferable to City Staff, should Staff decide to host additional events beyond the four included in this work program. While the exact timing and content for the open houses will be determined in coordination with City Staff, we expect that the first open house will be held towards the beginning of the work program and is intended to supplement/validate information collected as part of prior outreach efforts. Another open house could occur concurrent with review of the land use plan (including the land use vision for the Core). Two additional open houses could address the draft General Plan and/or Specific Plan.

### 3.5 Deliverables:

- » Facilitation of four pop-up events and four open houses

### 3.6 STAKEHOLDER INTERVIEWS (RRM)

RRM will meet with key stakeholders to the Core Specific Plan area early in the process to hear from them one-on-one, gaining an understanding of their interests, concerns, and ideas. Interviews with individuals or small group meetings allow stakeholders to speak candidly about the Core's opportunities and constraints. Stakeholders will include a diverse group of people with varying backgrounds and interests, including: residents, property owners, the Brea Downtown Owners Association, developers, building professionals, and other members of the community. The interviews involve up to six (6) half-hour to one-hour confidential meetings (held via video/teleconference) over two days. RRM will collaborate with City staff to identify stakeholders. We ask that City staff notify and manage the meeting invitations of the stakeholders.

#### 3.6 Deliverables:

- » Prepare for and facilitate up to six (6) interviews conducted over 2-days. A summary of common themes identified within the interviews will be provided

### 3.7 COMMUNITY STEERING COMMITTEE (DN)

Based on our experience, we believe that forming a Community Steering Committee for the Brea General Plan Update will be a meaningful way to engage the community and we fully support convening one for this effort, as indicated in the RFP. Forming this committee is an effective, efficient way to engage a variety of stakeholders. De Novo has experience managing various committee compositions and we can work with the City during project kick-off to evaluate how the committee could be appointed and who should be represented.

For the Community Steering Committee to be an effective advisory body, the City must clearly articulate the committee's charge (their roles and responsibilities). In addition to advising on the committee's formation, our recommendations to the City will also include example charges, and the opportunities and challenges that come with different degrees of empowerment and responsibility. It is our recommendation that the City will be responsible for managing the committee's appointment and membership, while the consultant team will be responsible for presentations and materials.

### Sample Meeting Topics and Schedule

After kicking off the committee, the first meetings will focus on land use, economic development, fiscal sustainability, hazards, circulation, and other considerations in order to develop the Land Use Alternatives. The subsequent meetings would be focused on goal and policy discussions related to each of the elements/topics to be addressed in the General Plan Update. Our initial work plan anticipates that the meetings could generally be organized as follows:

1. Vision/Priorities
2. Land Use and Economic Development
3. Mobility
4. Land Use Alternatives
5. Infrastructure and Sustainability
6. Feedback on Draft General Plan/Specific Plan

#### 3.7 Deliverables:

- » Preparation and facilitation of six (6) Community Steering Committee meetings including PowerPoint presentations, large-scale maps, and all meeting materials

### 3.8 TECHNICAL ADVISORY COMMITTEE (DN)

De Novo will assist the City in convening a Technical Advisory Committee (TAC) to provide data, information, and feedback at key points during the General Plan Update process, and ensure plan concepts can be achieved. The TAC is will be comprised of technical experts from City departments and partner agencies who implement policies addressed by the General Plan. TAC members will review and provide input on administrative draft documents prior to their release as public review draft documents.

#### 3.8 Deliverables:

- » Preparation and facilitation of four (4) TAC meetings including PowerPoint presentations, large-scale maps, and all meeting materials

### 3.9 VISION PLAN DOCUMENT (DN)

The public engagement and visioning process will result in a comprehensive Vision Plan document that will serve as the foundation for the goals, policies, and actions identified in the General Plan and Brea Core Specific Plan. In the Vision Plan, the team will summarize the community engagement program, input received, and outreach outcomes. It will also identify the community's goals and vision for the future as well as specific issue areas that must be carefully addressed in the General Plan, Specific Plan, and/or Environmental Impact Report. The Vision

Plan will put greater emphasis on articulating the community's balance of quality-of-life, sense of place, neighborhood preservation, economic development, and fiscal sustainability.

The document will be stylized using the project identity established during the visioning phase and will be a visually appealing document designed for ease of reading and understanding by the community. It will be in full color and will include pictures of activities conducted.

### **3.9 Deliverables:**

- » Administrative Draft Vision Plan Document (electronic open), Final Vision Plan Document (10 copies)

### **3.10 STUDY SESSIONS AND HEARINGS (DN)**

Throughout the process it will be necessary to provide information and receive feedback from the Planning Commission and City Council on a number of topics, including the Vision Plan and Preferred Land Use Plan. We recommend hosting study sessions with each body during their regularly scheduled meetings to discuss these topics. At the conclusion of the project, it will also be necessary to present the updated General Plan, new Specific Plan, and EIR to the Planning Commission and City Council for their respective review and approval during a public hearing. We expect to hold up to four study sessions and public hearings between the Planning Commission and the City Council.

### **3.10 Deliverables:**

- » Facilitation of four (4) study sessions and public hearings with Planning Commission and/or City Council

## **PHASE 4: FOCUSED GENERAL PLAN UPDATE**

The De Novo team is committed to providing the City a General Plan of the highest quality and will actively engage the community to develop a vision for the General Plan, prepare a policy document that reflects the desires of the City, and create implementation actions that are consistent with the City's vision for the future. De Novo's team of principal-level staff are experts in preparing General Plans and will ensure that this update complies with all legislative requirements and addresses planning best practices.

Our team will update all State-mandated elements in accordance with State law and the findings of the City's General Plan Audit, and ensure each of the elements is internally consistent. As the authors of the General Plan Audit, Harris & Associates is in a unique position to support the entire planning team on this effort and ensure that the review and decisions made as part of the Audit are realized as part of the Focused General Plan Update.

### **4.1 PREPARATION OF PROPOSED LAND USE PLAN (DN, RRM, HA)**

In this task, De Novo will host a collaborative working session with City staff to develop three land use alternatives based on feedback received from the public, understanding of opportunities and constraints, and best planning practices. This effort will result in three maps and a set of land use definitions to support the maps. This effort will be closely coordinated with development of the Land Use Plan for the Core, so that the micro and macro-level maps work in tandem.

The team will prepare a Land Use Alternatives Report to study the alternatives. As part of the Land Use Alternatives Report, the De Novo team will develop population and employment projections based on build-out of each alternative. The De Novo team will evaluate the land use alternatives in terms of impacts on an identified set of topics, such as existing/programmed public facilities or networks, the natural environment, the economy, greenhouse gas emissions reduction, and City finances. Additionally, Kittelson will support the De Novo team by evaluating the proposed land use alternatives from a transportation perspective. Kittelson will provide input into the evaluation of land use alternatives, in terms of location, levels of intensity, potential conflicts with ad-

jacent transportation facilities, and circulation/access requirements. Kittelson will also assess potential implications of increased traffic from the land use alternatives to the roadway network. If needed, Kittelson can provide trip generation calculations, and review and provide feedback on the land use alternatives prepared by the De Novo team.

The team will present the Land Use Alternatives Report to the public, Planning Commission, and City Council for consideration and feedback. Based on the information and direction received, the team will prepare a Preferred Land Use Plan and conduct the necessary analysis to develop a detailed project description for use in the EIR. The De Novo team expects the Preferred Plan to reflect components of more than one alternative; in other words, it is not likely that an alternative will be “perfect” and selected as the Preferred Plan. Once a Preferred Land Use Plan has been defined, final demographic information will be generated.

It is important to note that changes to the proposed land use plan after Council “approval” may require revisions to studies and require an amendment to the budget. The results of this task will feed directly into the project description and initial study for the EIR.

#### **4.1 Deliverables:**

- » Land Use Alternatives Report (30 copies)
- » Preferred Land Use Plan and associated build-out summary information

#### **4.2 FISCAL ANALYSIS (HA)**

Harris will prepare the fiscal and economic impact analysis for three land use alternatives, including the proposed land use plan prepared for the Land Use Element update. The analysis will project revenues, expenditures, and economic impacts based on expected buildout in 2045 for each of the three alternatives. The tasks are as follows:

Identify Costs and Revenues (Fiscal Analysis). Harris will utilize the current City budget and information from City staff to obtain information on costs to provide services to the increased population resulting from the additional housing units and revenues generated by new residents and businesses, including, but not limited to, sales, property, and other taxes. The difference between the costs and revenues will determine the “net” costs of the land use alternatives. The analysis will show cost and revenue line items, consistent with the current City budget, with

a net cost calculation identifying each cost category individually. While the analysis will generally utilize a per capita expenditure projection, it will incorporate a marginal cost evaluation for police, fire, and parks and recreation services as appropriate. The analysis will project funding deficiencies for the anticipated development buildout, providing a basis to identify and utilize funding mechanisms, such as, but not limited to, Community Facilities Districts.

Identify jobs created and economic output (Economic Analysis). The Harris Team will utilize real estate data on current commercial development, along with the IMPLAN model for Orange County to project additional jobs created, as well as direct and indirect economic output generated, by new residential and commercial development. The results of this analysis, demonstrating changes to the City’s workforce demand and economic activity under the projected buildouts for each of the three land use alternatives will be described and depicted visually in tables, charts, and/or figures.

Fiscal and Economic Impact Report. The Harris Team will prepare one (1) Draft Report and one (1) Final Report detailing the Land Use Element fiscal and economic impact analysis. Included as an appendix to the updated Land Use Element, the Report will include a detailed description of the assumptions, data sources, and methodology used in order to estimate the impacts resulting from new development associated with the three land use alternatives. The Draft Report will be prepared concurrently and included with the Draft Land Use Element. The Final Report will be prepared concurrently and included with the Final Land Use Element.

#### **4.2 Deliverables:**

- » Draft and Final Fiscal and Economic Impact Report (digital)



### 4.3 ADMIN DRAFT GP (DN, KAI, HA)

The De Novo team will provide City staff with an Administrative Draft General Plan for review; comments on the Administrative Draft General Plan will be used to create a Screencheck Review Draft General Plan. We anticipate meeting with City staff to review comments and reach agreement on how to address potentially conflicting comments.

All team members have thoroughly reviewed the General Plan Audit and are committed to addressing the topics identified therein (as part of the De Novo team, Harris & Associates is in a unique position to provide the City the highest level of assurance that the Findings of the Audit are realized). In preparing the General Plan Update, the De Novo team will prepare each element to ensure that all goals, policies, and actions:

- » Support the community's vision and values;
- » Address requirements of State law;
- » Avoid or mitigate potential environmental impacts, or are balanced by social, economic, legal, or other relevant considerations;
- » Are grounded in recent and sound community planning and conservation trends;
- » Touch on the topic of technology; and
- » Are internally consistent.

While the final content and format will be finalized during Task 4.2 (see above), we have outlined the high-level topics we expect will be included based on our understanding of the project and special issues facing the City of Brea. These topics are described briefly below. Although generally described as organized under the City's existing chapter structure, the document can be reorganized into different formats/structures at no cost (i.e., the Community Development chapter can be broken down into separate Land Use, Circulation, and Environmental Justice chapters, etc.).

#### Introduction

The Introduction will identify the General Plan vision statement, discuss the rich cultural and historical heritage of Brea, describe the organization of the General Plan, and describe how the General Plan complies with applicable regulations.

### Community Development

The Community Development Element (e.g., Land Use, Circulation, and Environmental Justice) will capitalize on the community's assets and potential with "placemaking" ideas that ultimately create good public spaces that promote people's health, happiness, and well-being. It will provide land use goals and policies that cover the following topics:

- » Land use types, mix, balance, and location
- » Strategic growth areas/areas of change
- » Major destinations in the City
- » Neighborhood preservation, revitalization, and enhancement (urban design)
- » Specific Plan land use decisions, including the Brea Core Specific Plan
- » Existing and future infrastructure needs (also see Community Resources)
- » Specific recommendations for revisions to adopted planning documents to ensure on-going consistency and implementation of the General Plan

The Community Development Element will also include goals, policies and actions to guide mobility decisions. As part of this effort, the team will develop "complete streets" strategies to comply with state planning requirements, create safe and convenient pedestrian, bike, and transit opportunities, and to promote alternative transportation modes. In addition, new mobility trends will be incorporated, as there has significant changes to mobility choices since the current General Plan was adopted. These include:

- » Transportation Network Companies (TNCs) like Uber and Lyft
- » Autonomous vehicles
- » Car sharing services
- » Bike sharing services
- » Electric scooters and bikes
- » Microtransit
- » Safe systems approach to safety planning

In addition, the updated Community Development Element will incorporate policies that include Vehicle-Miles-Traveled (VMT) as a metric to evaluate the transportation system.

### Economic Development

We expect that a new dedicated Economic Development Element will be included in the updated General Plan policy document. The goals, policies, and implementation programs of the Economic Development Element will provide the City with guidance to foster a strong and sound local economy. The topics addressed may include, but are not limited to:

- » Business retention and attraction;
- » Creation of high-quality job opportunities; and
- » Expansion of in-demand land use sectors.

The goals and policies will focus on maintaining a high quality of life that supports the City's role in the regional economy while promoting employment and revenue opportunities necessary to meet the needs and preferences of City residents and businesses.

### Community Resources

The Community Resources Element (e.g., Open Space and Conservation) will focus on the cultural, natural, environmental, and man-made resources and the provision of open spaces. The Community Resources Element will be developed to be consistent with other General Plan Elements (e.g., Community Development, Safety), and its policies, programs, and implementation actions will address the following topics:

- » Inventory of parks, facilities, and resources
- » Open space planning
- » Forests, soils, minerals and other natural resources
- » Water conservation and quality
- » Scenic vistas

In addition, public and semi-public facilities and services must be planned to maintain and enhance the high quality of life in the City and to help achieve the City's vision for the future. The Community Resources Element will include a recommended list of goals, policies, and action items that address topics such as:

- » Infrastructure needs (also see Community Development)
- » Law enforcement, emergency medical, and fire
- » Educational facilities
- » Civic services and functions
- » Health care facilities
- » Libraries, cultural, and community facilities

### Public Safety

The Public Safety Element will be updated pursuant to Government Code § 65302(g) which requires local jurisdictions to update the Safety Element to address flood hazards, fire hazards, climate change, and emergency evacuation. We will draw on the information contained in the City's new Local Hazard Mitigation Plan (LHMP) as well as any other relevant planning documents to ensure consistency with the requirements of SB 1241, SB 379, SB 99. SB 379 requires the Safety Element to address climate adaptation and resilience strategies applicable to the City. SB 99 requires the Safety Element to include information identifying residential developments in hazard areas that do not have at least two emergency evacuation routes. SB 1241 requires the Safety Element to address the risk of fire in State Responsibility Areas and Very High Fire Hazard Severity Zones.

#### 4.3 Deliverables:

- » Administrative Draft General Plan

#### 4.4 PUBLIC REVIEW GENERAL PLAN (DN, KAI, HA)

Following the City's consolidated comments on the Administrative Draft General Plan, De Novo will prepare the Draft General Plan for public review/comment and use during the City's review and approval process. The Public Review Draft General Plan will be prepared in printed and electronic form. The Public Review Draft General Plan will be provided to the City for distribution to the public and appropriate agencies and posting on the City's website. De Novo will be available to present the Draft General Plan and Draft Environmental Impact Report (see Task 6) in a public workshop and/or Planning Commission and City Council meetings to provide the decision-makers and community with information regarding the intent and structure of the draft documents and to receive comments on the draft documents.

#### 4.4 Deliverables:

- » Public Review Draft General Plan (10 hardcopies)

#### 4.5 FINAL GENERAL PLAN (DN, KAI, HA)

We anticipate that a series of public hearings will be held by the Planning Commission and City Council to consider adoption of the General Plan. As changes are requested by these decision-making bodies, we will prepare modified General Plan text that will be provided as attachments to the staff report for City Council consideration.

Based on Council's direction at the adoption of the General Plan, De Novo will edit the General Plan to be consistent with any revisions approved by the City Council and will prepare the final version of the General Plan.

#### 4.5 Deliverables:

- » Final General Plan (10 hardcopies)
- » Color Land Use Map (PDF and GIS formats)
- » All General Plan maps, tables, and images (electronic format including GIS shapefiles of all maps)

## PHASE 5: BREA CORE SP

The Brea Core Specific Plan will be prepared consistent with State planning law and will be clear, easy to use, including compelling and instructive graphics, goals, policies, and actions that will foster public and private investment. At a minimum it will contain the following sections: introduction, land use, mobility and parking, and public realm improvements, public services and infrastructure, implementation, and administration. The Plan will be organized and formatted to be easy to use and provide clear guidance to staff, property owners, and developers.

### 5.1 BASE MAP (RRM)

As an overlay to the base map, the consultant team will create an exhibit that identifies relevant existing conditions and opportunities and constraints visible during the virtual tour and future site visits. A digital copy of the base map and opportunity and constraints exhibits will be provided to the City for review and reference.

#### 5.1 Deliverables:

- » One (1) digital copy of the Specific Plan Area base map prepared by De Novo with opportunities and constraints layer prepared by RRM Design Group

## 5.2 INFRASTRUCTURE ANALYSIS (HA)

Harris will prepare the following infrastructure and service systems plans in support of the Brea Core Specific Plan preparation:

1. Using the Drainage System Technical Memorandum, Wastewater System Technical Memorandum, and Water Service System Technical Memorandum in Tasks 4.7 through 4.9, Harris will prepare diagrams of the existing and proposed water, sewer, and storm drainage systems for the Brea Core Specific Plan land uses. Based on the diagrams, Harris will provide written descriptions of the systems and develop policies and standards to verify sufficient capacity and service for the Specific Plan at buildout.
2. Republic Services will provide trash and recyclable material collection services to the Brea Core Specific Plan area. Harris will support developing policies pertaining to solid waste that are consistent with solid waste management laws and regulations in support of the Brea Core Specific Plan preparation.
3. Electrical and gas services will be provided by Southern California Edison (SCE) and Southern California Gas Company (SoCalGas), respectively. We expect that SCE and SoCalGas will supply adequate electric power and natural gas services and install necessary distribution facilities to serve the Brea Core Specific Plan. Harris will provide a description of existing programs related to energy utilities and develop policies and measures that will provide opportunities for efficient energy that could add value to the development within the Brea Core Specific Plan area.

#### 5.2 Deliverables:

- » Draft and Final water, sewer, and drainage systems section of the Brea Core Specific Plan (digital)
- » Draft and Final solid waste disposal section of the Brea Core Specific Plan (digital)
- » Draft and Final energy section of the Brea Core Specific Plan (digital)



### 5.3 MOBILITY ANALYSIS (KAI)

Kittelton will support the project team with the preparation of the circulation plan for the Brea Core Specific Plan. Kittelson will assist the project team with identifying street designations and functional classifications, and additional pedestrian and bicycle facilities for the plan to accommodate the anticipated land development and to achieve the plan's vision. Kittelson will use a variety of sources to identify significant infrastructure constraints such as intersections physically constrained and that are projected to operate at unacceptable levels of service, and unfunded needed improvements. Kittelson will also build on the recommendations and toolbox included in the Brea Core ATP to improve access and to provide safety enhancements in the specific plan area. In particular, this may include prioritizing and balancing the needs of all modes and users, changes in on-street and off-street parking, pedestrian mid-block crossings, and implementation of wayfinding and supportive tools. The Specific Plan will include maps identifying vehicular circulation with roadway functional classifications, a non-vehicular circulation map with key trails and sidewalks, and key streets cross-sections.

Recommendations will be summarized with text and graphics in the Specific Plan's Transportation/Circulation Plan. Once the Specific Plan is finalized, Kittelson will prepare a transportation study for inclusion within the Draft EIR.

#### 5.3 Deliverables:

- » Preparation of the circulation plan for the Brea Core Specific Plan, including maps and cross-sections, and one round of revisions
- » Preliminary cost estimates for public improvements to support the circulation plan

### 5.4 PROGRAM OF IMPLEMENTATION MEASURES – FUNDING OPTIONS MATRIX (HA)

Harris will prepare a funding options matrix that identifies the available financing mechanisms for the construction, operation, and maintenance of the public infrastructure identified in the Brea Core Specific Plan. For each financing mechanism the matrix will show the authorizing law, the types of infrastructure or services eligible for funding, the formation process, the voting pool (property owners, registered voters, and/or the legislative body), the threshold for approval and the typical timeline for formation.

Harris will submit a draft of the funding options matrix in a Microsoft Excel format for review and comment. After receiving all comments to the draft or after 2 weeks from submittal of the draft, whichever comes first, Harris will prepare a final funding options matrix in a Microsoft Excel format and transmit it for incorporation into the Brea Core Specific Plan.

#### 5.4 Deliverables:

- » Draft funding options matrix, Final funding options matrix

### 5.5 PRELIMINARY CORE RECOMMENDATIONS POWERPOINT (RRM)

RRM's planners, urban designers, architects, landscape architects, and engineers will collaborate with the City to develop the groundwork for the Specific Plan which considers development, placemaking, and physical opportunities and constraints. This will be the basis for the Specific Plan document and will likely include:

- » Confirmation of project boundary
- » Preliminary districts, land use, development standards, and guidelines
- » Mobility, parking, and streetscape beautification strategies

A PowerPoint presentation will be developed to share these foundational concepts and facilitate discussions before ink is put to paper on the Plan. The PowerPoint presentation is intended for use at a Specific Plan focused City Council Study Session to gather feedback early on in the process.

#### 5.5 Deliverables:

- » PowerPoint presentation

## 5.6 ADMIN DRAFT SP (RRM)

A preliminary Specific Plan organization is outlined below, which may be refined based on further analysis and feedback.

1. Introduction and Vision: The introductory chapter discusses the purpose, intent, and organization of the Specific Plan document. It describes the goals of the plan and boundaries, a description of the planning process, the community outreach process associated with the project, and the Specific Plan's relationship to pertinent City documents and policies.
2. Land Use: This chapter will include a detailed land use plan that will also serve as the zoning map. It will document in a clear, graphically rich, and easy to use/administer manner address allowable land uses, the Specific Plan district, building form, and site development standards, such as height, setbacks, and parking.
3. Mobility and Parking: In this chapter, RRM will coordinate with the traffic consultant to integrate the findings and recommendations described above under Mobility Analysis. It will address mobility, including pedestrian, transit, bike, vehicular circulation, and parking.
4. Public Realm, Placemaking, and Streetscape Beautification: This chapter will contain recommendations for the street environment, pedestrian realm, placemaking, and transit and bicycle route concepts. Urban design concepts will promote a pedestrian-friendly environment, with recommendations for street trees, lighting, and furnishings to enhance and unify the unique character of the area. Images will be selected to depict real examples from other cities of the design concepts.
5. Infrastructure and Public Facilities: This chapter will incorporate Harris and Associates infrastructure analysis described above. The chapter will include an overview of police and fire protection, schools, and parks tiering off of the General Plan analysis.
6. Implementation: This chapter will outline future projects, priorities, timelines, and programs necessary for the Core Specific Plan Area. The recommendations will also identify potential funding sources and financing mechanisms for public infrastructure implementation in the specific plan area.
7. Administration: This chapter will address the authority of the Specific Plan, non-conforming

uses and structures, processing requirements, and the administrative procedures required for amendments to the Specific Plan. This scope assumes that staff develop the content for this chapter and RRM will integrate it into the document.

### 5.6 Deliverables:

- » RRM will provide an Administrative Draft of the Brea Core Specific Plan for internal review. We ask that the City provide one (1) consolidated, marked up redline version with all City comments.

## 5.7 SCREENCHECK DRAFT SP (RRM)

Following the completion of the Administrative Draft of the Brea Core Specific Plan and receipt of the single set of redlined comments from the City on the Administrative Draft, RRM will produce a Screen Check Draft. At this point, the City's comments will have been integrated, and this draft will provide an additional internal review opportunity prior to the development of the Public Review Draft.

### 5.7 Deliverables:

- » RRM will provide a Screen Check Draft of the Brea Core Specific Plan. We ask that the City provide one (1) consolidated, marked up redline version with all City comments

## 5.8 PUBLIC REVIEW DRAFT SP (RRM)

This draft is intended for public review and will include any remaining requested revisions and edits from City staff.

### 5.8 Deliverables:

- » Public Review Draft Brea Core Specific Plan (electronic copy of the suitable for distribution and posting on the City's website)

## 5.9 FINAL SP (RRM)

Following the action taken by the City Council, RRM will make the final edits and modifications to the Specific Plan. It is assumed that one (1) set of revisions will be made, incorporating both the Planning Commission recommendations and City Council action. Errata sheets may be used to discuss preferred changes between the Planning Commission and City Council hearings.

### 5.9 Deliverables:

- » Make final edits and provide an electronic file of the final Brea Core Specific Plan

## PHASE 6: CEQA DOCUMENT

Harris envisions the CEQA document appropriate for the Proposed Project is a Program Environmental Impact Report (EIR). Harris will work as a team with the City of Brea, as the CEQA lead agency, and De Novo Planning Group (De Novo) as the planning lead, to prepare the required environmental documentation and provide technical support to complete the necessary steps to prepare the GPU and Brea Core Specific Plan.

The tasks to prepare the CEQA document and supporting technical reports for the project are discussed below.

### 6.1 PROJECT INITIATION AND DATA COLLECTION (HA)

The Harris project management team will attend two project kickoff meetings with the City and De Novo team for the Proposed Project. We assume that the first kickoff meeting will occur for the preparation of the GPU and Specific Plan and the second kickoff meeting for the CEQA processing once the GPU and Specific Plan land uses and buildout numbers are finalized for a project description for the EIR. For the second kickoff meeting that will start the CEQA process, Harris will prepare an agenda and a project schedule for the CEQA processing before the meeting. We will collect and review relevant project information; clearly define the project for the purposes of the environmental analysis; discuss the project schedule and important assumptions for achieving the schedule; establish early communication and the protocols for ongoing communication; and familiarize the Harris project team with the issues and concerns that the City determines to be important for analysis in the environmental document. Based on the background research and site visit, we will develop a list of data needs and specific questions about the project that will inform the project description.

#### 5.6 Deliverables:

- » Two kick-off meetings
- » Agenda and project schedule
- » List of data needs and questions

### 6.2 PREPARE NOTICE OF PREPARATION (HA)

Consistent with Section 15082 of the CEQA Guidelines, a Notice of Preparation (NOP) will be prepared and released for a 30-day public comment period to obtain input from other agencies and the public regarding the environmental topics to be addressed in the Draft PEIR. The NOP will include a description of the project, project location with map, and probable environmental effects of the project. The scope of work assumes one set of revisions to the Draft NOP based on one compiled set of City comments.

Pursuant to CEQA Guidelines Section 15060(d), the lead agency can determine that an EIR will be clearly required for a project, and the agency may skip further initial review of the project and begin work directly on the EIR process. We anticipate that the Proposed Project will require an EIR, therefore, no Initial Study will be prepared with the release of the NOP.

Our budget assumes that Harris will reproduce and distribute the NOP to responsible and trustee agencies, and other special interest groups and individuals identified on a distribution list to be developed in consultation with the City. It is assumed that the City will be responsible for all newspaper notices, direct mailings, and posting on the City's website.

#### 6.2 Deliverables:

- » Project Description
- » Draft and Final NOP (in Microsoft Word and PDF files)

### 6.3 SCOPING MEETING (HA)

Harris will assist the City in organizing and conducting one public scoping meeting to present the major features of the Proposed Project and the CEQA process. The purpose of the scoping meeting is to solicit comments regarding the scope and content of the environmental issues to be addressed in the EIR. For the purposes of this scope, we assume that the scoping meeting will be conducted in-person. We will prepare and present a PowerPoint presentation discussing the environmental review process and answer questions, as desired by the City staff. It is recommended that the scoping meeting be held soon after release of the NOP so that public concerns about environmental issues can be identified early. We assume that the City will collect all written comments and provide an electronic file. Harris will summarize all

comments received during the NOP review period and the scoping meeting and address them in the Draft EIR.

### 6.3 Deliverables:

- » One in-person meeting attendance
- » Prepare materials for and conduct a scoping meeting
- » PowerPoint presentation

## 6.4 TECHNICAL STUDIES (HA, KAI)

### 6.4.1 Air Quality

Harris will prepare an Air Quality Technical EIR section to assess the air quality impacts associated with proposed land use changes identified in the General Plan Update and Brea Core Specific Plan. It is assumed that the General Plan Update area will include buildout of the Brea Core Specific Plan, and the Brea Core Specific Plan area will also be addressed separately at the programmatic level. Modeling output will be provided as an appendix to the air quality impacts analysis in the EIR. The Tasks are listed below.

8. Provide a brief overview of the existing air quality in the South Coast Air Basin in the vicinity of the project area, including existing pollutant levels at nearby air quality monitoring stations. This will establish the baseline of air pollutant emissions for the City.
9. Provide an overview of standards and policies relevant to the criteria pollutant analysis, including the National Ambient Air Quality Standards, the California Ambient Air Quality Standards (CAAQS), and South Coast Air Quality Management District (SCAQMD) rules and planning documents.
10. Estimate construction emissions for proposed land use changes based on worst-case annual estimate construction scenarios for General Plan and Brea Core Specific Plan buildout, addressing heavy equipment exhaust and fugitive dust. Construction emissions will be estimated for the General Plan and Brea Cost Specific Plan separately using the California Emissions Estimator Model (CalEEMod).

11. Use CalEEMod to estimate existing criteria pollutant emissions in the General Plan area and Brea Core Specific Plan area separately based on land use information provided by the City, and vehicle miles traveled (VMT) information provided by the traffic consultant. Modeling will be based on the worst-case land use alternative, which is assumed to be the alternative that would accommodate the most growth.
12. Use CalEEMod to quantify operational emissions from build out of the proposed land use changes associated with General Plan buildout and buildout of the Brea Core Specific Plan. Vehicular emissions will be based solely on traffic information provided by the traffic consultant, including VMT. It is assumed the traffic information will account for any new VMT-reducing features incorporated into the General Plan Update.
13. Compare future buildout emission estimates to existing conditions (baseline) to estimate the potential net change in emissions. Evaluate the significance of construction emissions and net operation emissions using the air impact screening criteria from SCAQMD. Because the project is a programmatic document and does not include specific construction projects, potential health risks from construction will be addressed qualitatively.
14. The potential for carbon monoxide hotspots will be addressed qualitatively based on information from the traffic study to be prepared by the traffic consultant. If necessary, and if required traffic data is available from transportation consultants, one intersection will be modeled using the CALINE model for either the General Plan or Brea Core Specific Plan.
15. Mitigation measures, if warranted, will consist of program-level best management practices for future projects. Mitigation measures will be quantified to the extent available using CalEEMod.
16. Prepare the EIR section. Harris assumes one round of revision.

### 6.4.1 Deliverables:

- » One digital copy of the draft and final Air Quality EIR section with modeling output as an appendix.

#### 6.4.2 ENERGY

Harris will prepare an Energy EIR section analyze the potential energy use impacts associated with proposed land use changes identified in the General Plan Update and Brea Core Specific Plan. It is assumed that the General Plan Update area will include buildout of the Brea Core Specific Plan, and the Brea Core Specific Plan area will also be addressed separately at the programmatic level. The scope of work will include the following tasks:

1. Provide a description of the existing electricity and natural gas use in the City and Brea Core Specific Plan area, based on the results of CalEEMod modeling for the Air Quality appendix, and information provided by the City.
2. Use emissions factors available from the U.S. Environmental Protection Agency to estimate the fuel consumption of offroad equipment and vehicle trips anticipated for construction, as well as the net increase in vehicle trips anticipated from General Plan buildout and buildout of the Brea Core Specific Plan. Existing vehicle emissions will also be estimated for each area for comparison. The CalEEMod results described for the Air Quality EIR section will provide the carbon dioxide equivalent (CO<sub>2</sub>e) emissions for construction and operation emissions; therefore, Consultant will use the emissions factors for CO<sub>2</sub> for diesel fuel and mobile fuel to convert CO<sub>2</sub>e emissions to gallons. The CO<sub>2</sub> emissions factor for diesel fuel will be assumed for construction equipment and vendor and haul trips. The emissions factor for mobile fuel will be assumed for worker vehicle trips, existing operational vehicle trips, and future operational vehicle trips. Annual construction fuel use will be provided by source (equipment, haul trips, vendor trips, worker trips). Total existing and buildout fuel use will be provided for operational trips.
3. Report the total net change in electricity and natural gas use for buildout of the General Plan Update and Brea Core Specific Plan compared to existing demand. Energy use will be based on the worst-case land use alternative, which is assumed to be the alternative that would accommodate the most growth. Energy demand will be based on CalEEMod modeling. Assumptions for future building electrification will be developed with the City and incorporated into modeling. Additional proposed sustainability features, including use of renewable energy sources to meet demand, will be incorporated into use estimates to the extent feasible based on available CalEEMod inputs or available use reduction calculations.
4. Compare the General Plan Update and Brea Core Specific Plan to existing energy demand, and local and state energy use reduction plans, including the 2022 Scoping Plan, to determine whether the Project would result in wasteful, inefficient, or unnecessary consumption of energy during construction or operation.
5. Prepare the Energy EIR section by describing the short-term and long-term energy usage impacts associated with demolition and construction of the proposed Project. Feasible mitigation measures will be identified to reduce identified significant impacts, if applicable.
6. Harris assumes one round of review by the City.

#### 6.4.2 Deliverables:

- » One digital copy of the draft and final Energy EIR section.

### 6.4.3 GREENHOUSE GAS EMISSIONS

Harris will prepare a Greenhouse Gas Emissions EIR section to assess the Greenhouse Gas (GHG) impacts associated with proposed land use changes identified in the General Plan Update and Brea Core Specific Plan. It is assumed that the General Plan Update area will include buildout of the Brea Core Specific Plan, and the Brea Core Specific Plan area will also be addressed separately at the programmatic level. Tasks are listed below.

1. Provide a description of the most common GHG constituents and summarize applicable legislation that pertains to GHG emissions, such as Assembly Bill 32, Executive Order S-3-05, AB 1279, and City sustainability efforts such as renewable energy projects.
2. Conduct an inventory of GHGs for construction of General Plan and Brea Core Specific Plan buildout that will focus on the three types of GHG emissions anticipated to be generated by the project: carbon dioxide, methane, and nitrous oxide. Emissions will be converted to their carbon dioxide equivalents using the global warming potential for each gas. Assumptions will be consistent with the worst-case annual construction scenario developed for the air quality analysis and will represent the estimated worst-case annual construction GHG emissions. Emissions will be estimated using CalEEMod.
3. Use CalEEMod to estimate existing and buildout GHG emissions from land use operation in the General Plan and Brea Core Specific Plan areas. Modeling will be based on the worst-case land use alternative, which is assumed to be the alternative that would accommodate the most growth. Vehicular emissions will be based solely on traffic information provided by the traffic consultant. It is assumed that traffic information provided by the traffic consultant will include implementation of Citywide GHG reduction measures related to transportation, such as availability of alternative transportation, as applicable.

4. The City has not adopted a qualified greenhouse gas reduction plans for streamlining under CEQA. Additionally, the SCAQMD has published interim GHG thresholds; however, the thresholds are based on an outdated AB 32 statewide emissions reductions target. As such, the project's significance will be evaluated based on the consistency with long-term Statewide emissions reduction goals, including AB 1279 and the 2022 Scoping Plan. If necessary, recommend program-level mitigation measures to reduce potential impacts. Mitigation measures will be quantified to the extent available using CalEEMod. It is anticipated that a Climate Action Plan consistent with AB 1279 may be required as mitigation.
5. Prepare the draft GHG EIR section detailing the results of the analyses identified above. Submit the GHG EIR section for review and prepare one set of revisions within the limits of an 8-hour professional staff budget.

#### 6.4.3 Deliverables:

- » One digital copy of the draft and final GHG Emissions EIR section with modeling output as an appendix.

### 6.4.4 NOISE AND VIBRATION

Harris will prepare a Noise section for the proposed land use identified in the General Plan Update and Brea Core Specific Plan. It is assumed that the General Plan Update area will include buildout of the Brea Core Specific Plan, and the Brea Core Specific Plan area will also be addressed separately at the programmatic level. The modeling output will be included as an appendix to the EIR. Tasks are listed below.

1. Provide a brief description of the contributors to the existing local noise environment, including traffic, aircraft, and commercial operations, based on the existing City planning documents, such as the existing General Plan Public Safety Element. The brief description summarizing the noise environment for the Brea Core Specific Plan area will also be included.



2. Provide an overview of adopted relevant standards and policies in the City's planning documents, specifically the land use compatibility matrix in the General Plan Public Safety Element. Identify a threshold of significance for changes in ambient noise level based on City noise compatibility standards. Proposed changes to noise-related policies will also be summarized as applicable.
3. Compare existing and future roadway noise levels for up to 12 roadway segments using standard equations adopted from the Federal Highway Administration Highway Noise Prediction Model. Existing and future conditions will be derived from roadway segment volume information provided by the traffic consultant for roadway segments anticipated to experience the most change in volume or exposure as a result of the project. Modeling will be based on the worst-case land use alternative, which is assumed to be the alternative that would accommodate the most growth. The 12 segments will include at least four segments from the Brea Core Specific Plan area that represent the worst-case segments in this area. Noise calculations will assume an idealized steady flow of traffic without attenuation provided by topography or buildings.
4. Review changes to the proposed Land Use Map for the General Plan and Brea Core Specific Plan to identify potential incompatibilities from operational noise.
5. Compare vehicle noise levels and potential noise incompatibilities to the City Noise Ordinance and noise compatibility standards. Evaluate the potential for proposed General Plan or Brea Core Specific Plan updates to mitigate ambient noise in the City. Recommend additional program-level mitigation measures to reduce potential impacts, if necessary.
6. Prepare the draft Noise Technical Memo detailing the results of the analyses identified above. Submit the Noise Technical Memo for review, and prepare one set of revisions within the limits of an 8-hour professional staff budget.

#### 6.4.4 Deliverables:

- » One digital copy of the draft and final noise section with modeling output as an appendix.

#### 6.4.5 BIOLOGICAL RESOURCES TECHNICAL MEMORANDUM

The Harris Biology Team will review City information and accessible reports for the project, including the existing General Plan, and available reports prepared for other projects in an adjacent to the City. Databases reviewed will include California Department of Fish and Wildlife's (CDFW) California Natural Diversity Database (CNDDDB), US Fish and Wildlife Service (USFWS) Information for Planning and Consultation (IPaC) species records, the California Native Plant Society's Electronic Inventory (CNPSEI), and the USFWS National Wetland Inventory. In addition, US Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) soil survey data and historic aerial maps will be reviewed.

Upon completion of the literature and database review, lists will be generated of potential and/or expected sensitive vegetation communities and known potentially jurisdictional aquatic resources. Delineation of vegetation community and land cover boundaries will follow Holland vegetation classification categories. The special-status species with potential for occurrence (those for which suitable habitat occurs within the City) will be categorized as having high, moderate, or low potential. Harris will use collected information to produce maps showing vegetation communities and other sensitive resources within the General Plan Update area. This task anticipates preparation of up to six map figures to be included in the document: regional location, project location, vegetation communities and land cover types, potentially jurisdictional aquatic resources, sensitive biological resources, and wildlife corridors/NCCP areas. Focused surveys are not included in this task.

After the desktop review is complete, the Harris team will prepare a programmatic Biological Resources Technical Report. (BRTR). The BRTR will detail the results of the desktop assessment, document applicable regulations, summarize the existing biological conditions of the City, and provide a programmatic approach that includes a mitigation framework for sensitive species and habitats. The BRTR will provide a programmatic-level assessment of the vegetation communities/habitats in the City and provide a large-picture view of potential impacts to any sensitive habitats. It will also provide recommendations for mitigation for potential sensitive habitat (and spe-

cies) impacts. The report will include figures and data tables. This task also includes collecting, organizing, and digitizing appropriate resource records and making the data available in digital/GIS format. The BRTR will be in compliance with any necessary local, state, and federal guidelines for the purposes of supporting the California Environmental Quality Act (CEQA) analysis and mitigation framework from a programmatic standpoint.

**Assumptions:**

- » Harris assumes that the City will provide a site plan so project impacts can be evaluated.
- » The City will provide any available background reports, documentation, or correspondence to assist Harris in the habitat assessment of the project sites including, but not limited to, recent habitat assessments or survey reports produced for the City.
- » Harris assumes that the City will provide any documentation or data required to compile the programmatic BRTR in timely manner. Any delay in providing access will delay submittal of the draft and final deliverables.
- » At the time of this proposal, an in-field assessment of potential resources in the City (biological reconnaissance) is not necessary. If it is necessary to conduct a biological reconnaissance survey to support the programmatic BRTR, a cost augment will be required.
- » Harris assumes electronic versions of the Biological Resources Technical Report as Microsoft Word and PDF files will suffice. If hard copies are requested, a cost augment may be required.
- » Harris assumes only one round of revisions will be needed to finalize the Biological Resources Technical Report based on comments from the City. Additional revisions may require a cost augment.

**6.4.5 Deliverables:**

- » Draft and final versions of the Programmatic BRTR as Microsoft Word and PDF files only.

**6.4.6 CULTURAL AND TRIBAL CULTURAL RESOURCES**

Harris will conduct a California Historical Resources Information System (CHRIS) background check for the City of Brea, including the Brea Core Specific Plan area and conduct Tribal outreach pursuant to Assembly Bill 52 (AB 52). Tasks are detailed below.

1. Harris will conduct a records search at the South Central Coastal Information Center (SCCIC) of the California Historical Resources Information System (CHRIS) for information on known cultural resources and previous studies within the planning area for the GPU. This task assumes that the City will provide an inventory of historic structures, building records for structures that were constructed 45 or more years ago, and any available background documentation to assist Harris in the cultural assessment of the City.
2. Harris will provide assistance with the tribal notification process pursuant to the requirements of Assembly Bill 52 (AB 52) for CEQA and Senate Bill 18 (SB 18).
3. Harris will contact the Native American Heritage Commission (NAHC) to conduct a search of the Sacred Lands File (SLF) database and obtain the tribal contacts list for SB 18 compliance. We assume the City will provide Harris with the list of tribes who have requested consultation for projects subject to AB 52.
4. Harris will draft a project information/consultation notification letter for the City to distribute. We assume that the City will manage the notification and consultation process with pertinent tribes who have requested it. For the purposes of this scope of work, we assume that consultation meeting will occur virtually, and not to exceed four hours.

**6.4.6 Deliverables:**

- » CHRIS Background Check Documents (digital)
- » AB 52 Notification and Consultation Support



#### 6.4.7 DRAINAGE SYSTEM TECHNICAL MEMORANDUM

Harris will prepare a Drainage System Technical Memorandum that determines runoff flow rates to the City's storm drainage system by the Brea Core Specific Plan at the programmatic level. The Technical Memorandum will not be prepared for the GPU as the General Plan policies require each development project within the City to minimize runoff and provide necessary storm drain improvements. The runoff flow for the Brea Core Specific Plan will be based on land use data, catchment sizes, and regional rain flow data. The system will be evaluated based on a review of the available published criteria to confirm that the system can sufficiently route and, if necessary, store the flows generated by the buildout of the Brea Core Specific Plan land uses. The Drainage System Technical Memorandum will include the following tasks:

1. Prepare a description and breakdown of the existing and proposed Land Uses within the Brea Core Specific Plan area. The basis for existing conditions will be obtained by available sources (i.e. City Master Plan of Drainage (Willdan, 2013).
2. Present the existing condition and proposed condition storm runoff flow characteristics using regional rain flow data through the use of hydrographs and system maps. Calculations will utilize Orange County Hydrology Methodology and will be based on the 10-year and 25-year return periods to match the City Master Plan of Drainage criteria.
3. Identify the storm flow incremental difference generated due to the proposed land use changes to identify an approximate volume necessary for the containment of the increased storm runoff volume.
4. Prepare the Draft Drainage System Technical that includes discussions of methodology, assumptions, results, and recommendations. Exhibits showing existing and proposed conditions will also be prepared and included in the Study.

5. Prepare the Draft Drainage System Technical Memorandum in both MS Word and PDF and provide a copy to the City. Consultant will conduct an internal quality control review of the report before submitting the report to the District.
6. Prepare one set of revisions to the Draft Drainage System Technical Memorandum based on City's comments.

#### Assumptions:

- » City will provide available GIS files for storm drainage networks, existing and proposed land uses, catchments, known deficiencies, and CIP locations.
- » Orange County Hydrology Manual will be utilized for hydrologic calculations.
- » 10-Year and 25-Year recurrence intervals will be utilized – additional recurrence intervals such as the 50-Year and 100-Year are not included.
- » Hydraulic Modeling is excluded from the base scope but could be added, if required and directed by the City.

#### 6.4.8 WASTEWATER SYSTEM TECHNICAL MEMORANDUM

Harris will prepare a Wastewater System Technical Memorandum that determines additional sewer flow generation into the public sewer system by the Brea Core Specific Plan at the programmatic level. The Technical Memorandum will not be prepared for the GPU as it is anticipated that the General Plan policies call for the City to implement the recommendations of the Sewer Master Plan (2021) to reduce impacts to a less than significant level. The existing sewer generation rates will be based on the City's existing Sewer Master Plan (AKM, 2021) the proposed sewer generation rates will reflect the Brea Core Specific Plan land uses with sewer generation rates taken from the existing Sewer Master Plan. The system will be evaluated based on a review of the published criteria (Sewer Master Plan Update and Sanitary Sewer Management Plan Update (2016) to confirm that the system can sufficiently serve the incremental increase from the Brea Core Specific Plan land uses. A determination of hydraulic deficiencies will be based on the City's Sewer Master Plan as the base scope. A hydraulic modeling for the pipe network to identify specific pipe deficiencies will not be conducted. The Scope of Work will include the following tasks:

1. Research and review existing sewer system information including available system maps, GIS files, existing sewer flow monitoring data, existing operational and maintenance issues in and around the Brea Core Plan area, and previous sewer studies in the Project area. Coordinate with City staff as necessary for available documents and input on any observed inconsistencies.
2. Develop Brea Core Plan area estimated sewer generation in accordance with the City's Sewer Master Plan (2021), and Sewer System Management Plan Update (2016).
3. Review generated sewer generation and determine potential impacts on known deficiencies and identified CIP Projects. Recommended improvements and/or additional studies will be recommended to the City as part of the draft Technical Memorandum.
4. Prepare a Technical Memorandum to document the methodology, assumptions, findings, results and recommendations along with exhibits showing the existing and proposed conditions.

Study will note if system upgrades are required to meet City's wastewater facility design criteria

5. Revise and finalize Technical Memorandum (up to two revisions) based on District and City review comments.

#### Assumptions:

- » City will provide available GIS files for the wastewater distribution facilities, siphons, existing and proposed land uses, any collection system watersheds/boundaries, known deficiencies, and CIP locations.
- » Most recent Sewer Master Plan (AKM, 2021) will be provided by the City.
- » Hydraulic Modeling is excluded from the base scope, but could be added, if required and directed by the City.

#### 6.4.9 WATER SERVICE SYSTEM TECHNICAL STUDY

Harris will prepare a Water Service System Technical Study that determines additional water demands to the City's public potable water system by the Brea Core Specific Plan at the programmatic level. The Technical Memorandum will not be prepared for the GPU as it is anticipated that the General Plan policies call for the City to implement the recommendations of the Water Master Plan to reduce impacts to a less than significant level. The existing water system demands will be based on the City's existing Water Master Plan (Civiltec, 2021), the proposed water system demands will reflect the proposed Brea Core Specific Plan land uses, with duty factors from the existing Water Master Plan report utilized for calculating the proposed water demands. The system will be evaluated based on a review of the published criteria (Water Master Plan Update and Urban Water Management Plan) to confirm that the system can sufficiently serve the overall water demands and fire flow requirements. A determination of hydraulic deficiencies will be based on the City's Water Master Plan Update (2021) as the base scope. This proposal does not include hydraulic modeling for the pipe network to identify specific pipe and fire flow deficiencies. Detailed tasks are as follows:

1. Research and review existing water system information including available system maps, GIS files, existing fire flow hydrant test records, existing operational and maintenance issues in the City's pressure zone that will serve the Project, and previous water infrastructure studies in the Brea Core Plan area. Coordinate with City staff as necessary for available documents and input on any observed inconsistencies.
2. Develop Brea Core Plan area estimated water demands and fire flow requirements in accordance with the City's Water Master Plan Update (2021), the 2022 California Fire Code and the City's Urban Water Management Plan (2021)
3. Review generated water demand and determine potential impacts on known deficiencies and identified CIP Projects. Recommended improvements and/or additional studies will be recommended to the City as part of the draft Technical Memorandum.
4. Prepare a Technical Memorandum to document the methodology, assumptions, findings, results

and recommendations along with exhibits showing the existing and proposed conditions. Study will note if system upgrades are required to meet City's water facility design criteria.

5. Revise and finalize Technical Memorandum (up to two revisions) based on District and City review comments.

#### Assumptions:

- » City will provide available GIS files for the water distribution facilities and pressure zones, existing and proposed land uses, duty factors, pressure zone boundaries, known deficiencies, and CIP locations.
- » Most recent Water Master Plan Update (Civiltec Engineering, 2020) will be provided by the City.
- » Available Fire Flow tests from recent developments will be made available to confirm system capacity
- » Hydraulic Modeling is excluded from the base scope, but could be added, if required and directed by the City.

#### 6.4.10 WATER SUPPLY ASSESSMENT

CWC §10910, based on Senate Bill 610 of 2001 (SB 610), requires that any city or county that determines that a project is subject to the CEQA under Section 21080 of the Public Resources Code shall prepare a Water Supply Assessment (WSA) to determine the sufficiency of water supply to meet water demand during normal, single dry, and multiple dry water years over a 20-year projection period.

The Brea Core Specific Plan is new and thus not included in the 2020 City of Brea Urban Water Management Plan (UWMP). New analysis is required to assess water supply sufficiency during normal, single dry, and multiple dry water years. Harris will prepare a WSA for the proposed Brea Core Specific Plan, pursuant to the requirements under California Water Code §10910. The tasks are as follows:

1. **Data Gathering and Review:** Consultant will review development plans and capacity for new single-family and multi-family residential, commercial, industrial, manufacturing, and government buildings projected in the Brea Core Specific Plan. Consultant will work with the City and the City's water suppliers -- Municipal Water District of Orange County (MWDOC) and California Domestic Water Company (CDWC) -- to ensure appropriate supply estimates are included in the WSA.
2. **Characterization/Background:** Consultant will utilize the Brea Core Specific Plan and the UWMP to characterize the development project, the City's water system, historical demand and supply, water demand management, and water supply issues.
3. **Water Demand and Supply Analysis:** Consultant will then develop a water supply and demand analysis that incorporates historical data with expected historical and planned water demand estimates and supply to assess water sufficiency for the normal, single dry, and multiple dry water years over a 20-year period.

4. **Water Supply Assessment Draft:** Consultant will prepare a draft Water Supply Assessment to include the water demand and supply assessment; identification of water rights; required information on the groundwater basin; and other information and attachments as required by §10910. Consultant will submit the draft to the City for review.
5. **Water Supply Assessment Final Draft:** Consultant will prepare one set of revisions to the WSA based on comments received from the City.
6. We assume that CDWC and MWDOC will provide water supply estimates.

#### 6.4.10 Deliverables:

- » Draft and Final WSA (digital)

#### 6.4.11 TRAFFIC IMPACT ANALYSIS

Kittelson will prepare the Transportation Impact Analysis (TIA) to support the environmental documentation and approvals for the project. The TIA will document the existing circulation network and planned improvements and updated General Plan policies and will assess potential impacts using VMT metrics as required under CEQA. The appropriate travel demand model will be modified to include the proposed Project land uses, and adjacent networks will be refined in the model network as needed. Kittelson will provide VMT results consistent with the City's adopted VMT metrics and thresholds of significance. If the Project would result in an impact to VMT, Kittelson will develop appropriate mitigation measures including transportation demand management (TDM) and related trip reduction measures.

Kittelson will also qualitatively assess the effects to transit, pedestrian and bicyclist conditions, focused on potential conflicts with the existing and future circulation network. To support expedited processing of future developments in the city, the analysis will identify opportunities for future CEQA documents to tier-off the transportation analysis for this project. It should be noted, however, that site-specific analyses may still be required for individual development projects to address localized issues such as operations impacts at adjacent intersec-

tions, parking, passenger loading, queuing, and driveway conflicts. After addressing one round of non-conflicting project team comments, a final transportation impact analysis report will be submitted.

#### 6.4.11 Deliverables:

- » Draft Transportation Impact Study
- » Final Transportation Impact Study (assumes one round of review)
- » Roadway segment volumes and VMT for other EIR technical studies
- » Response to comments after DEIR public review (assumes 8 hours of staff time)

### 6.5 DRAFT EIR (HA)

#### 6.5.1 FIRST SCREENCHECK DRAFT EIR

Harris will prepare the First Screencheck Draft EIR, and applicable appendices, to address all the required environmental topics and analyses in full compliance with CEQA (PRC Section 21000 et seq.), the CEQA Guidelines (CCR Section 15000 et seq.). The baseline for analysis will be existing on the ground conditions which will be compared to the proposed GPU buildout projections. The Environmental Analysis chapter will address the required environmental topics as determined by the NOP. Each topical section of the EIR will: (a) describe existing environmental conditions and pertinent regulatory policies and programs that apply to this Proposed Project, (b) define the criteria by which impacts will be determined to be significant, (c) determine the environmental changes that would result from the Proposed Project, (d) evaluate the significance of those changes with respect to the impact significance criteria (thresholds), (e) evaluate the mitigating effect of regulatory requirements and proposed GPU and Brea Core Specific Plan policies, (f) define mitigation measures to reduce or avoid any potentially significant adverse impacts after implementation of regulatory requirements and GPU and Brea Core Specific Plan implementation, and (g) conclude whether significant impacts would remain, even after successful implementation of mitigation measures. A conservative scenario approach will be followed for all analyses in the EIR.

We envision the EIR as a programmatic document that will rely on the policies of the GPU and Brea Core Specific Plan to address potential environmental impacts. Because we want the City to be able to use the streamlining provisions of Section 15183 of the guidelines, the EIR will also reference ordinances, policies, and standard conditions of approval used by the City to address impacts. The EIR will be clearly written and avoid the use of technical jargon so that the document is easily understood. The analysis of issues will be thorough yet concise. The analyses will be based on the technical studies listed under Task 4 and additional analyses determined necessary to adequately address the issue and provide a legally defensible document. The supporting technical studies and pertinent data will be included as appendices to the EIR or summarized and incorporated by reference, as provided in the CEQA Guidelines.

#### Assumptions:

- » Harris assumes that level of service and mobility assessment and the vehicle miles traveled (VMT) assessment will be prepared under a separate contract with De Novo in support of updates to the Circulation Element of the General Plan and the Brea Core Specific Plan and provide traffic and VMT data necessary to complete the EIR analysis.
- » Harris assumes that no technical studies pertaining to geology and soils and hazards and hazardous materials will be prepared. We will use readily available data from sources such as the California Geological Survey, Department of Toxic Substances Control, and State Water Resources Control Board, and the Brea General Plan EIR.
- » A wildfire technical memo will not be prepared for the project. However, Harris will evaluate whether the General Plan Update will exacerbate wildfire risk and coordinate with the traffic consultant on issues related to emergency evacuation.

#### 6.5.1 Deliverables:

- » First Screencheck Draft EIR, including technical appendices (digital in both PDF and MS Word)

### 6.5.2 SECOND SCREENCHECK DRAFT EIR

Harris will address one compiled comments received from the City on the First Screencheck Draft EIR and prepare the Second Screencheck Draft EIR, including the appendices, for the City's review.

#### 6.5.2 Deliverables:

- » Second Screencheck Draft EIR, including technical appendices (digital in both PDF and MS Word)

### 6.5.3. PUBLIC REVIEW DRAFT EIR

Once the City determines that the Draft EIR is ready to be released to the public, Harris will finalize the Draft EIR and appendices and prepare hard copies and electronic copies, include a web-ready electronic version. Harris will be responsible for preparation, distribution, and filing of the Notice of Availability, as well as distribution of the Draft EIR for a 45-day public review period. The Public Review Draft EIR and appendices will be submitted in PDF and Word format. Our budget assumes that Harris will reproduce and distribute the NOP to responsible and trustee agencies, and other special interest groups and individuals identified on a distribution list to be developed in consultation with the City. It is assumed that the City will be responsible for all newspaper notices, direct mailings, and posting on the City's website.

#### 6.5.3 Deliverables:

- » Public Review Draft EIR, including technical appendices (digital; three hard copies with pdf only for the technical appendices)

## 6.6 FINAL EIR AND CERTIFICATION DOCUMENTS (HA)

### 6.6.1 FINAL EIR (RESPONSE TO COMMENT AND TEXT REVISIONS)

Following receipt of all comments on the Draft EIR, written responses will be prepared for each comment. A Response to Comments section will be created for the Final EIR and will contain an introduction describing the public review process for the Draft EIR, copies of all comment letters, and written responses to all comments. Responses will focus on comments that address the adequacy of the Draft EIR. Comments that do not address EIR adequacy will be noted as such, and no further response will be provided unless deemed necessary by the City. Responses will be prepared by Harris; professional staff with input from technical specialists, as needed. The number of comments is difficult to predict and we will budget for responding to 40 comment letters, assuming 2 hours per letter of professional staff time to respond to comments. This will entail reading and numbering all comments, as well as assigning comments to members of the Harris team and other project team for response.

The Final EIR will also contain revisions to the Draft EIR as necessary to respond to comments and/or correct inaccuracies identified after release of the EIR as a public draft. The response to comments and any changes made to the Draft EIR in response to the comments will be submitted to City staff for review in PDF and Word format. Harris will make one round of edits to the draft response to comments. Harris will ensure that the Final EIR is distributed to commenters on the Draft EIR at least 10 days prior to certifying the EIR (CEQA Guidelines Section 15088).

#### 6.6.1 Deliverables:

- » Draft and final Final EIR (digital)



### 6.6.2 CERTIFICATION DOCUMENTS

A Mitigation Monitoring and Reporting Program (MMRP) will be prepared pursuant to Section 21081.6 of the Public Resources Code. It will identify the significant impacts that would result from the project, required mitigation measures, when the measures are implemented, the party responsible for implementing the mitigation measure, and the City department or other agency responsible for monitoring the mitigation effort and ensuring its success. Per the RFP the MMRP will be included in the Final EIR.

The Findings of Fact (FOF) and Statement of Overriding Considerations (SOC) will be prepared according to CEQA requirements. The draft FOF will be distributed to the City for review and comment.

The Notice of Determination (NOD) will be prepared. Within 5 working days of the certification of the EIR. Harris will file the NOD with the Office of Planning and Research and the San Bernardino County Clerk. It is anticipated that the City will provide the required filing fees with the County (\$50) and California Department of Fish and Wildlife (the fee to file an EIR in 2023 is \$3,839.25); therefore, they are not included in our proposal budget.

#### 6.6.2 Deliverables:

- » Draft and final Mitigation Monitoring and Reporting Program (digital)
- » Draft and final Findings and Statement of Overriding Considerations (digital)
- » Filing of the Notice of Determination (CDFW fee is excluded)

### 6.7 CEQA PROJECT MANAGEMENT (HA)

William Halligan will serve as Principal-in-Charge and Quality Assurance/Quality Control (QA/QC) Manager and Elizabeth Kim will serve as the Project Manager for the EIR. The Project Manager will be the key contact for the project's day-to-day management and will be responsible for managing task scheduling and assignment, management of resources, monitoring of costs, and schedule adherence. The Project Manager will provide monthly invoices with a memo that itemizes task list, task status, current months charges, invoiced to date, and remaining budget. The Principal-in-charge and the Project Manager will participate in biweekly coordination calls with City staff, and if needed, technical support staff (assumed up to 20 30-minute calls). We will prepare agendas and memorandum of meeting minutes. The Principal-in-Charge will also be responsible for overall quality control and review and advise on the adequacy of the document. The project management task is based on duration of the estimated schedule of 12 months (see attached Estimated Processing Schedule). If the schedule of the project is extended for reasons beyond Harris' control, a contract amendment may be required for additional fees for project management and coordination efforts. In the event that out-of-scope tasks are identified, the Project Manager will immediately notify the City and discuss the need for the additional tasks, any related cost increase, and ability of the project contingency fund to cover the additional cost. No out-of-scope work will be initiated without prior approval.

#### 6.7 Deliverables:

- » On-going project management for 12 months (1 hour per week for 12 months for Project Manager)
- » QA/QC through Harris' QA/QC Manual
- » Bi-weekly conference calls with the City (up to 20 30-minute calls)
- » Bi-weekly meeting agendas and memorandums of meeting minutes for bi-weekly calls (digital)
- » Monthly invoices with itemized task list memo

## PHASE 7: TRAFFIC FEE UPDATE

In this task, the team will prepare a traffic fee nexus study to assist the City with updating its Traffic Fee using Level of Service (LOS) methodology.

### 7.1 TRAFFIC FEE NEXUS STUDY (HA, KAI)

The Brea City Council established Traffic Impact Fees in 1995 for all new development in Brea and annexed portions of its sphere-of-influence. The fees are required to offset, or mitigate, the traffic impacts caused by new development. The current impact fees are based on a nexus study conducted in 2011. Given the need to support a variety of non-motorized travel modes and to address citywide VMT, it is recommended to update the program with a new Transportation Impact Fee (TIF). The following describes the scope of work to update the current Traffic Impact Fees into a new TIF program (to be led by Harris and Kittelson).

#### Project Kick-off and Project Management

The Team will participate in a kick-off call to discuss the goals for the project, overall project scope and key requirements, communication protocols, and the project schedule. Harris will prepare meeting minutes following the meeting and will prepare a data request for the City. The Team will also discuss the fee approach, and whether or not to continue to maintain the current fee structure, based on vehicle trip generation and intersection Level of Service (LOS), or establish a revised fee structure based on the Vehicle Miles Traveled (VMT) of new developments. Information about the additional work efforts associated with a VMT-based fee are included at the end of this task.

#### Background Documentation Review and Transportation Assessment

Harris will review the existing fee study and background documentation including ordinances and resolutions, the Traffic Study, the City's General Plan, and relevant Specific Plans.

Kittelson will document the existing and horizon year transportation facilities and needs to complete a citywide multimodal network that accounts for the infrastructure requirements for the estimated new vehicular, transit, bicyclists, pedestrians, and parking demand. The estimated demand will be based on information obtained from the OCTA travel demand model (OCTAM), including number of trips and mode split.

The work will be based on the proposed land uses described in the Land Use and Circulation Element Update and the identified impacts, plus the mitigation measures to meet the needs and desirable outcomes from the General Plan Update and Brea Core Specific Plan.

The City of Brea maintains a 7-year Capital Improvement Projects (CIP), which outlines the priority transportation infrastructure projects for upcoming funding and implementation. Current transportation projects in the proposed Fiscal Year (FY) 2023/2025 to 2029/2030 CIP include traffic signal upgrades, street and sidewalk rehabilitations and improvements, traffic calming, and signal synchronization. Kittelson will review the projects on the upcoming CIP list and will determine if any additional infrastructure improvements would be needed to address VMT-related impacts, based on findings in Tasks 5.3 and 6.4.11.

A technical memorandum will be prepared to summarize the findings of this task and list transportation improvements. One round of review is included in this scope.



### Calculate Development Impact Fees

Utilizing the project costs identified in the Transportation Assessment and growth projections, Harris will calculate the recommended fee in compliance with the requirements of AB1600 and AB602, based on LOS. The fee calculation will include all soft costs including fee administration. Harris will prepare a comparison of the development impact fees from surrounding jurisdictions. Up to six jurisdictions will be included and will be based on input from the City as to which cities are to be included.

Harris will present the draft fees and fee comparison to the City. The Team will participate in a call with the City to discuss any comments on the fees.

### Development Impact Fee Study

Once all parties agree on the fees, Harris will prepare the Nexus Study for City review. The Nexus Study will be prepared in an organized fashion with an executive summary and will contain all required legal and technical documentation including additional information required under AB602. The studies will include all background information, the methodology used to determine the fees, all supporting information, calculations that demonstrate the legal nexus between the recommended fees and the impact created by new development, the relationship between the fee's use and the type of project on which the fee would be imposed, the purpose of the fee, how the fees would be used, and a description of the relationship between the need for any additional facilities and the type of development project on which the fee would be imposed. In addition, the report will discuss annual fee update procedures, credit and reimbursement policies and will outline the required administrative procedures including online reporting requirements required under Senate Bill (SB) 1483. Harris will also incorporate the legal methodology for calculating fees for accessory dwelling units.

Harris will participate in a call with the City to discuss the report and incorporate suggested edits and changes to produce the final report.

### Stakeholder Meetings

Harris will prepare and lead a meeting with the BIA, development community and other stakeholders. Obtaining the development community's support is best achieved when their input is included in the fee analysis. Harris will discuss any recommendations that come out of this meeting with the City and incorporate relevant feedback into the studies.

Harris will prepare and make presentations on the methodology, findings, and implications of the proposed impact fees at up to two City Council and/or planning commission meetings to facilitate the understanding of the impact fee analysis. The presentations will be prepared in a clear and concise manner. Harris will answer any questions and document any concerns or requested changes. Only one meeting is required for adoption, but most agencies prefer two meetings.

Harris will review the City's draft staff report, resolution, and ordinance for City Council adoption. An automatic inflation factor will be included in the resolution. It is assumed that the City will prepare the staff report and resolution, notice all meetings and provide a legal review of the documents. Revisions to the reports will be completed based on input received from the City Council and the final reports provided to the City.

### **Deliverables:**

- » Task Kickoff meeting and meetings
- » Technical transportation improvements memorandum with one round of review
- » Nexus Study for Transportation Impact Fee with one round of review
- » Materials to support stakeholder meetings and City Council adoption

### **Assumptions:**

- » City will provide requested background information.
- » City will notice public meetings and prepare required documents including staff report, resolution, and ordinance.
- » City will provide Legal Counsel review of documents.
- » City will provide cost estimates for any additional projects that are needed to be part of the TIF to address new LOS and/or VMT impacts.

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3B. PROJECT SCHEDULE

	2024												2025												2026					
Task	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December	Jan	Feb	Mar	Apr	May	June	
Phase 1: Project Management and Coordination																														
1.1: Meetings with City Staff																														
1.2: Project Administration																														
Phase 2: Project Initiation																														
2.1: Kick-off Meeting and Tour																														
2.2: Base Mapping																														
2.3: Market Analysis																														
2.4: Mobility Conditions																														
2.5: Opportunities and Challenges																														
Phase 3: Public Engagement																														
3.1: Community Outreach Program																														
3.2: Direct Mailer																														
3.3: Educational Materials and Announcements																														
3.4: Digital Engagement																														
3.5: Pop-Ups/Open Houses																														
3.6: Stakeholder Interviews																														
3.7: General Plan Advisory Committee																														
3.8: Technical Advisory Committee																														
3.9: Vision Plan Document																														
3.10 Study Sessions and Hearings																														
Phase 4: Focused General Plan Update																														
4.1: Preparation of Proposed Land Use Plan																														
4.2: Fiscal Analysis																														
4.3: Administrative Draft General Plan																														
4.4: Public Review General Plan																														
4.5: Final General Plan																														
Phase 5: Bree Core SP																														
5.1: Base Map																														
5.2: Infrastructure Analysis																														
5.3: Mobility Analysis																														
5.4: Program of Implementation Measures- Funding Options Matrix																														
5.5: Preliminary Core Recommendations Powerpoint																														
5.6: Administrative Draft SP																														
5.7: Screencheck Draft SP																														
5.8: Public Review Draft SP																														
5.9: Final SP																														
Phase 6: CEQA Document																														
6.1: Project Initiation and Data Collection																														
6.2: Prepare Notice of Preparation																														
6.3: Scoping Meeting																														
6.4: Technical Studies																														
6.4.1: Air Quality																														
6.4.2: Energy																														
6.4.3: Greenhouse Gas Emissions																														
6.4.4: Noise and Vibration																														
6.4.5: Biological Resources Technical Memorandum																														
6.4.6: Cultural and Tribal Cultural Resources																														
6.4.7: Drainage System Technical Memorandum																														
6.4.8: Wastewater System Technical Memorandum																														
6.4.9: Water Service System Technical Study																														
6.4.10: Water Supply Assessment																														
6.4.11: Traffic Impact Analysis																														
6.5: Draft EIR																														
6.5.1: First Screencheck Draft EIR																														
6.5.2: Second Screencheck Draft EIR																														
6.5.3: Public Review Draft EIR																														
6.6: Final EIR and Certification Documents																														
6.6.1: Final EIR (Response to Comment and Text Revisions)																														
6.6.2: Certification Documents																														
6.7: CEQA Project Management																														
Phase 7: Traffic Fee Update																														
7.1: Traffic Fee Nexus Study																														

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An aerial photograph of a modern, multi-story residential building complex with a mix of white, grey, and orange-brown facades. The building is situated at a city intersection with multiple lanes of traffic. Several cars are visible on the roads, and a white SUV is in the foreground. The scene is captured during sunset, with a warm, golden glow over the city and a hazy background. In the top right corner, there is a blue square containing the number '4' and a white rectangle containing the word 'COST' in blue capital letters.

4

**COST**

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4A. TIME AND EXPENSE BASIS

TASK/ACTIVITY	Principal/ Project Manager		Principal Planner		Senior Planner		Associate Planner		Assistant Planner/ GIS		De Novo Subtotals		Enviro/Economics/ Tech Studies	Planning/ Urban Design	Mobility	Direct Costs	ACTIVITY
	Hours	\$185	Hours	\$160	Hours	\$125	Hours	\$115	Hours	\$100	TOTALS		Harris	RRM Design	Kittelson	Printing/ Mailing	TOTALS
											Hours	Fee					
Phase 1: Project Management and Coordination																	
1.1: Meetings with City Staff	46	\$8,510	40	\$6,400	0	\$0	0	\$0	0	\$0	86	\$14,910					\$14,910
1.2: Project Administration	80	\$14,800	48	\$7,680	0	\$0	0	\$0	0	\$0	128	\$22,480					\$22,480
PHASE 1 SUBTOTAL	126	\$23,310	88	\$14,080	0	\$0	0	\$0	0	\$0	214	\$37,390	\$0	\$0	\$0	\$0	\$37,390
Phase 2: Project Initiation																	
2.1: Kick-off Meeting and Tour	6	\$1,110	6	\$960	0	\$0	6	\$690	4	\$400	22	\$3,160					\$3,160
2.2: Base Mapping	4	\$740	4	\$640	0	\$0	0	\$0	24	\$2,400	32	\$3,780					\$3,780
2.3: Market Analysis	4	\$740	0	\$0	0	\$0	0	\$0	0	\$0	4	\$740	\$21,070				\$21,810
2.4: Mobility Conditions	4	\$740	0	\$0	0	\$0	0	\$0	0	\$0	4	\$740			\$19,020		\$19,760
2.5: Opportunities and Challenges Report	6	\$1,110	16	\$2,560	12	\$1,500	50	\$5,750		\$0	84	\$10,920				\$1,500	\$12,420
PHASE 2 SUBTOTAL	24	\$4,440	26	\$4,160	12	\$1,500	56	\$6,440	28	\$2,800	146	\$19,340	\$21,070	\$0	\$19,020	\$1,500	\$60,930
Phase 3: Public Engagement																	
3.1: Community Outreach Program	8	\$1,480	4	\$640	0	\$0	24	\$2,760	12	\$1,200	48	\$6,080					\$6,080
3.2: Direct Mailer	2	\$370	0	\$0	0	\$0	8	\$920	2	\$200	12	\$1,490				\$9,000	\$10,490
3.3: Educational Materials and Announcements	0	\$0	0	\$0	24	\$3,000	0	\$0	40	\$4,000	64	\$7,000					\$7,000
3.4: Digital Engagement	4	\$740	12	\$1,920	60	\$7,500	24	\$2,760	80	\$8,000	180	\$20,920				\$500	\$21,420
3.5: Open Houses (4)/Pop-up Events (4)	50	\$9,250	42	\$6,720	60	\$7,500	80	\$9,200	60	\$6,000	292	\$38,670		\$10,000		\$2,000	\$50,670
3.6: Stakeholder Interviews (6)	4	\$740	0	\$0	0	\$0	0	\$0	0	\$0	4	\$740		\$8,000			\$8,740
3.7: General Plan Advisory Committee (8)	24	\$4,440	24	\$3,840	24	\$3,000	48	\$5,520	18	\$1,800	138	\$18,600		\$9,000			\$27,600
3.8: Technical Advisory Committee (4)	16	\$2,960	16	\$2,560	16	\$2,000	40	\$4,600	24	\$2,400	112	\$14,520		\$12,000			\$26,520
3.9: Vision Plan Document	0	\$0	12	\$1,920	0	\$0	8	\$920	24	\$2,400	44	\$5,240				\$500	\$5,740
3.10: Study Sessions and Hearings (4)	24	\$4,440	24	\$3,840	24	\$3,000	0	\$0	0	\$0	72	\$11,280		\$20,250	\$22,774		\$54,304
PHASE 3 SUBTOTAL	132	\$24,420	134	\$21,440	208	\$26,000	232	\$26,680	260	\$26,000	966	\$124,540	\$0	\$59,250	\$22,774	\$12,000	\$218,564
Phase 4: Focused General Plan Update																	
4.1: Preparation of Proposed Land Use Plan	16	\$2,960	24	\$3,840	24	\$3,000	80	\$9,200	32	\$3,200	176	\$22,200					\$22,200
4.2: Fiscal Analysis	4	\$740	0	\$0	0	\$0	0	\$0	0	\$0	4	\$740	\$23,800				\$24,540
4.3: Administrative Draft General Plan	24	\$4,440	60	\$9,600	40	\$5,000	200	\$23,000	120	\$12,000	444	\$54,040	\$3,520		\$20,280		\$77,840
4.4: Public Review Draft General Plan	16	\$2,960	24	\$3,840	24	\$3,000	80	\$9,200	40	\$4,000	184	\$23,000					\$23,000
4.5: Final General Plan	24	\$4,440	16	\$2,560	16	\$2,000	8	\$920	24	\$2,400	88	\$12,320				\$1,000	\$13,320
PHASE 4 SUBTOTAL	84	\$15,540	124	\$19,840	104	\$13,000	368	\$42,320	216	\$21,600	896	\$112,300	\$27,320	\$0	\$20,280	\$1,000	\$160,900
Phase 5: Brea Core Specific Plan																	
5.1: Base Map	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0		\$15,000			\$15,000
5.2: Infrastructure Analysis	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	\$7,160				\$7,160
5.3: Mobility Analysis	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0			\$27,320		\$27,320
5.4: Program of Implementation Measures - Funding Options	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	\$6,910				\$6,910
5.5: Preliminary Core Recommendations PowerPoint	16	\$2,960	0	\$0	0	\$0	0	\$0	0	\$0	16	\$2,960		\$15,000			\$17,960
5.6: Administrative Draft Specific Plan	40	\$7,400	20	\$3,200	0	\$0	0	\$0	0	\$0	60	\$10,600		\$161,270			\$171,870
5.7: Screencheck Draft Specific Plan	8	\$1,480	0	\$0	0	\$0	0	\$0	0	\$0	8	\$1,480		\$60,000			\$61,480
5.8: Public Review Draft Specific Plan	6	\$1,110	0	\$0	0	\$0	0	\$0	0	\$0	6	\$1,110		\$20,000			\$21,110
5.9: Final Specific Plan	2	\$370	0	\$0	0	\$0	0	\$0	0	\$0	2	\$370		\$14,520			\$14,890
PHASE 5 SUBTOTAL	72	\$13,320	20	\$3,200	0	\$0	0	\$0	0	\$0	92	\$16,520	\$14,070	\$285,790	\$27,320	\$0	\$343,700
Phase 6: CEQA Document																	
6.1: CEQA Project Initiation	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	\$5,880				\$5,880
6.2: Prepare Notice of Preparation	12	\$2,220	0	\$0	0	\$0	0	\$0	0	\$0	12	\$2,220	\$5,400				\$7,620
6.3: Scoping Meeting	4	\$740	0	\$0	0	\$0	0	\$0	0	\$0	4	\$740	\$4,010				\$4,750
6.4: Technical Studies	0	\$0	16	\$2,560	0	\$0	0	\$0	0	\$0	16	\$2,560	\$129,375		\$25,620		\$157,555
6.5: Draft EIR	0	\$0	40	\$6,400	0	\$0	0	\$0	0	\$0	40	\$6,400	\$100,032				\$106,432
6.6: Final EIR and Certification Documents	0	\$0	10	\$1,600	0	\$0	0	\$0	0	\$0	10	\$1,600	\$36,000				\$37,600
6.7: CEQA Project Management	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	\$58,640				\$58,640
PHASE 6 SUBTOTAL	16	\$2,960	66	\$10,560	0	\$0	0	\$0	0	\$0	82	\$13,520	\$339,337	\$0	\$25,620	\$0	\$378,477
Subtotals	454	\$ 83,990	458	\$ 73,280	324	\$ 40,500	656	\$ 75,440	504	\$ 50,400	2,396	\$ 323,610	\$ 401,797	\$ 345,040	\$ 115,014	\$ 14,500	\$ 1,199,961
FEE (NOT TO EXCEED, NO CONTINGENCY)																	\$1,199,961
10% CONTINGENCY																	\$119,996
TOTAL FEE (NOT TO EXCEED, WITH CONTINGENCY)																	\$1,319,957

De Novo Planning Group reserves the right to reallocate budget between various consulting team members and between tasks, provided the overall project budget does not change. There is no mark-up on subconsultant costs or direct costs.

Additional Transportation Tasks

TASK/ACTIVITY	Principal/ Project Manager		Principal Planner		Senior Planner		Associate Planner		Assistant Planner/ GIS		De Novo Subtotals		Enviro/Economics/ Tech Studies	Planning/ Urban Design	Mobility	Direct Costs	ACTIVITY
											TOTALS		Harris	RRM Design	Kittelson	Printing/ Mailing	TOTALS
	Hours	\$185	Hours	\$160	Hours	\$125	Hours	\$115	Hours	\$100	Hours	Fee					Fee (No Contingency)
TASK/ACTIVITY																	
Expanded LOS Analysis	0	\$0	8	\$1,280	0	\$0	0	\$0	0	\$0	8	\$1,280			\$10,500		\$11,780
Traffic Fee Nexus Study (LOS-Based)	0	\$0	8	\$1,280	12	\$1,500	0	\$0	0	\$0	20	\$2,780	\$42,455		\$32,840		\$78,075
Additional Transportation Task Subtotal	0	\$0	16	\$2,560	12	\$1,500	0	\$0	0	\$0	28	\$4,060	\$42,455	\$0	\$43,340	\$0	\$89,855

The expanded LOS Analysis task reflects a "not to exceed" amount per intersection (\$300) and per segment (\$600) and management of the work effort.

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**DE NOVO PLANNING GROUP**

**2023 RATE SHEET**

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Principal	\$185
Principal Planner	\$160
Senior Planner	\$125
Associate Planner	\$115
Assistant Planner	\$95
GIS Analyst	\$105

**Harris & Associates - Range of Hourly Rates**

**Effective January 1 – December 31, 2023**

**Environmental Planning + Compliance**

Senior Directors/Entitlement Strategies	\$250-\$350
Project Directors	\$220-\$300
Project Managers	\$160-\$225
Technical Specialists	\$90-\$185
Project Analysts	\$75-\$160
Administrative Support	\$60-\$135

**Notes:**

*Rates are subject to adjustment due to promotions during the effective period of this schedule. A new rate schedule will become effective January 1st of every year.*

*All subconsultant charges and direct costs are subject to a markup.*

*When applicable, MILEAGE charges will be at the current IRS rate, and REPRODUCTION costs will be as follows: Black & White printing will be \$0.08/page (8.5x11) and \$0.16/page (11x17). Color printing will be \$0.16/page (8.5x11) and \$0.32/page (11x17).*



# BILL RATE RANGES

*Subject to change effective March 1st each year*

## ARCHITECTURE

Architect	\$ 95 - \$ 155
Associate Manager of Architecture	\$ 150 - \$ 245
Design Director	\$ 210 - \$ 260
Designer I	\$ 75 - \$ 110
Designer II	\$ 85 - \$ 125
Designer III	\$ 105 - \$ 145
Intern	\$ 60 - \$ 85
Job Captain	\$ 95 - \$ 155
Manager of Architecture	\$ 180 - \$ 280
Principal	\$ 215 - \$ 395
Project Architect	\$ 135 - \$ 210
Project Designer	\$ 115 - \$ 200
Project Manager	\$ 120 - \$ 190
Senior Architect	\$ 165 - \$ 210
Senior Designer	\$ 140 - \$ 180
Senior Project Manager	\$ 155 - \$ 255

## ENGINEERING & SURVEYING

Associate Engineer	\$ 115 - \$ 175
Construction Inspector	\$ 135 - \$ 175
Designer I	\$ 55 - \$ 105
Designer II	\$ 75 - \$ 125
Designer III (Structural only)	\$ 95 - \$ 135
Engineer I	\$ 95 - \$ 140
Engineer II	\$ 115 - \$ 165
Land Surveyor	\$ 115 - \$ 170
Manager of Engineering Services	\$ 170 - \$ 280
Manager of Surveying	\$ 155 - \$ 235
Party Chief	\$ 90 - \$ 165
Principal	\$ 235 - \$ 395
Project Engineer	\$ 125 - \$ 185
Project Manager	\$ 150 - \$ 245
Senior Associate Engineer	\$ 130 - \$ 210
Senior Designer	\$ 110 - \$ 185
Senior Land Surveyor	\$ 135 - \$ 210
Senior Party Chief	\$ 145 - \$ 230
Senior Project Engineer	\$ 140 - \$ 230
Supervisor of Surveying	\$ 145 - \$ 230
Survey Technician I	\$ 60 - \$ 100
Survey Technician II	\$ 85 - \$ 115
Survey Technician III	\$ 100 - \$ 135

### Surveying Crew Rates

<b>REGULAR</b>	
One person w/ GPS or Robotic Workstation	\$ 125 - \$ 175
Two person	\$ 175 - \$ 325
Three person	\$ 235 - \$ 415

### PREVAILING WAGE

One person w/ GPS or Robotic Workstation	\$ 150 - \$ 250
Two person	\$ 225 - \$ 370
Three person	\$ 325 - \$ 515

## INTERIOR DESIGN

Designer I	\$ 60 - \$ 95
Designer II	\$ 70 - \$ 120
Interior Designer I	\$ 75 - \$ 125
Interior Designer II	\$ 90 - \$ 150
Intern	\$ 45 - \$ 85
Job Captain	\$ 105 - \$ 165
Senior Interior Designer	\$ 110 - \$ 195

## LANDSCAPE ARCHITECTURE

Assistant Designer	\$ 75 - \$ 105
Associate Designer	\$ 90 - \$ 125
Designer	\$ 95 - \$ 140
Design Director	\$ 140 - \$ 235
Intern	\$ 55 - \$ 85
Landscape Architect	\$ 115 - \$ 160
Manager of Landscape Architecture	\$ 165 - \$ 245
Principal	\$ 190 - \$ 395
Principal Landscape Architect	\$ 135 - \$ 205
Senior Landscape Architect	\$ 125 - \$ 185

## PLANNING

Assistant Planner	\$ 100 - \$ 130
Associate Planner	\$ 110 - \$ 175
Intern	\$ 55 - \$ 95
GIS Specialist	\$ 80 - \$ 165
Senior GIS Specialist	\$ 105 - \$ 200
Manager of Planning	\$ 190 - \$ 265
Principal	\$ 240 - \$ 475
Principal Planner	\$ 175 - \$ 245
Senior Planner	\$ 145 - \$ 210
Senior Urban Designer	\$ 155 - \$ 195
Urban Designer	\$ 105 - \$ 185

## CORPORATE SERVICES

Administrative Assistant	\$ 75 - \$ 95
Administrative Coordinator	\$ 100 - \$ 130
Assistant Office Manager	\$ 90 - \$ 135
Chief Executive Officer	\$ 300 - \$ 495
File Clerk/Administrative Support	\$ 50 - \$ 85
Marketing Assistant	\$ 50 - \$ 85
Marketing Coordinator	\$ 75 - \$ 115
Marketing Manager	\$ 130 - \$ 235
Marketing Specialist	\$ 95 - \$ 155
Office Coordinator	\$ 75 - \$ 130
Proposal Coordinator	\$ 90 - \$ 140
Receptionist	\$ 55 - \$ 80
Senior Marketing Specialist	\$ 135 - \$ 170



**CITY OF BREA  
BILLING RATE SCHEDULE**

**Effective July 1, 2023**

The current billing rates for Kittelson & Associates, Inc., staff are as follows and are subject to change:

Staff	Billing Rate
Principal / Senior Principal	\$270 - \$360
Associate Engineer/Planner	\$230 - \$260
Senior Engineer/Planner	\$200 - \$220
Engineer/Planner	\$180 - \$200
Transportation Analyst	\$160 - \$175
Principal Data Scientist/Developer	\$255 - \$340
Senior Data Scientist/Developer	\$215 - \$255
Data Scientist/Developer	\$180 - \$210
Data Analyst/Software Developer	\$140 - \$175
Software Technician	\$110 - \$135
Associate Technician	\$185 - \$205
Senior Technician	\$165 - \$185
Technician II	\$145 - \$160
Technician I	\$125 - \$140
Office Support	\$100 - \$120
Service & Other Direct Costs	Billing Rate
Mileage	Current IRS mileage rate
Travel & Other Direct Costs	Actual Costs
Subconsultants	Actual Costs

## **4B. ALTERNATIVE BASIS**

Section 4A presents our best, most efficient cost schedule. We do not present any alternative basis to the Time and Expense Basis that would be advantageous to the City.

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## FORMS



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**REQUEST FOR PROPOSALS # 2023.09.06.01**  
for Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review

**STANDARD FORM A  
REFERENCES FORM**

De Novo Planning Group

(Offeror's Company Name)

Provide current business references for whom your company has provided similar services. Provide very brief description of the Project services your company provided to the reference. **Any unsatisfactory references or past unsatisfactory work performance with City may result in Offeror being deemed non-responsive and/or non-responsible, and may eliminate Offeror from further consideration (Brea Municipal Codes 3.24.020).**

1. Company Name	City of Lake Forest
Address, City, State, Zip	100 Civic Center Dr., Lake Forest, CA 92630
Contact's Name & Title	Gayle Ackerman, Director of Development Services
Contact's Phone #	949-461-3463
Contact's Email	GAckerman@lakeforestca.gov
Project	General Plan Update, MU Zoning, and EIR
Completion Date & Value	June 2020; \$1,000,000
2. Company Name	City of Rancho Santa Margarita
Address, City, State, Zip	22112 El Paseo, Rancho Santa Margarita, CA 92688
Contact's Name & Title	Cheryl Kuta, Director of Development Services
Contact's Phone #	949-635-1800 x6707
Contact's Email	ckuta@cityofrsm.org
Project	General Plan Update and EIR
Completion Date & Value	\$100,000 (De Novo work product only)
3. Company Name	City of San Jacinto
Address, City, State, Zip	595 S. San Jacinto Ave, San Jacinto, CA 92583
Contact's Name & Title	Travis Randal, Assistant City Manager
Contact's Phone #	951-654-7337 x 400
Contact's Email	trandel@sanjacintoca.gov
Project	General Plan Update, Zoning Code Update, EIR
Completion Date & Value	November 2022; \$1,200,000
4. Company Name	City of Brentwood

**REQUEST FOR PROPOSALS # 2023.09.06.01**  
for Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review

Address, City, State, Zip	150 City Park Way Brentwood, CA 94513
Contact's Name & Title	Erik Nolthenius, Planning Manager, City of Brentwood
Contact's Phone #	925.516.5137
Contact's Email	enolthenius@brentwoodca.gov
Project	General Plan Updated and the Priority Area 1 (PA-1) Specific Plan
Completion Date & Value	2018, GP Update \$560K, SP PA-1 \$490K

**STANDARD FORM B  
SUBCONTRACTORS LIST-STANDARD FORM**

De Novo Planning Group

(Offeror's Company Name)

Provide the information requested below. Duplicate this form as necessary to complete list.

☐ Check this box, *if no subcontractors* are to be used for any of the proposed work.

1. Company Name	Harris & Associates
Address, City, State, Zip	101 Progress, Suite 250, Irvine, CA 92618
Contact's Name & Title	William (Bill) Halligan/Senior Director, Environmental Planning + Compliance
Contact's Phone #	714.234.1455
Contact's Email	William.Halligan@WeAreHarris.com
Proposed work & amounts	Environmental services, economics, technical studies \$401,797.00
License #s & Class	William Halligan, State Bar of California, License #213680
DIR # & Exp Date	1000011113, Exp 6/30/2024
2. Company	RRM Design Group
Address, City, State, Zip	32332 Camino Capistrano, Ste. 205, San Juan Capistrano, CA 92675
Contact's Name & Title	Jami Williams, CNU-A, Managing Partner
Contact's Phone #	(949) 361-7950
Contact's Email	JAWilliams@rrmdesign.com
Proposed work & amounts	Land use planning, urban design \$350,040.00
License #s & Class	
DIR # & Exp Date	
3. Company	Kittelson & Associates, Inc.
Address, City, State, Zip	750 The City Drive S, Suite 410, Orange, California 92868
Contact's Name & Title	Fernando Sotelo, TE   Principal Engineer
Contact's Phone #	(714) 468-1186



**REQUEST FOR PROPOSALS # 2023.09.06.01**  
for Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review

Contact's Email		fsotelo@kittelson.com
Proposed work & amounts		Transportation planning and technical report \$115,014.00
License #s & Class		Corporate registration: C1651568
DIR # & Exp Date		1000025447, Exp: 06/30/2024

REQUEST FOR PROPOSALS # 2023.09.06.01  
for Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review

**STANDARD FORM C**  
**STATEMENT OF COMPLIANCE OR EXCEPTIONS FORM**

Each Offer must be accompanied by this form. Failure to provide this form will cause the Offer to be deemed non-responsive and that Offer will not be considered for further evaluation.

De Novo Planning Group

(Offeror's Company Name)

**Select one:**

☒ **No Exceptions**

By checking the above box, Offeror declares their Offer was prepared in strict compliance with the instructions, conditions, and terms of the Solicitation, Scope of Work, and Agreement.

☐ **With Exceptions**

By checking the above box, Offeror declares their Offer was prepared in consideration of but with exceptions to one or more of the instructions, conditions, and terms of the Solicitation, Scope of Work, and Agreement, in which case **Offeror must provide a detailed list for all such exceptions in the following format.**

Section Page #	Term, Condition, Specification	Exception & Benefit to City	City A or D
-------------------	--------------------------------	-----------------------------	----------------

Offeror acknowledges that City may accept or reject any or all of Offeror's listed exceptions or reject the Offeror's entire Offer that contain any exceptions.

Signature:



Name/Title

Amanda Tropiano, Principal

Date:

October 31, 2023

REQUEST FOR PROPOSALS # 2023.09.06.01  
for Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review

**STANDARD FORM D**  
**STATUS OF PAST AND PRESENT CONTRACTS FORM**

Each Offer must be accompanied by this form. Failure to provide this form will cause the Offer to be deemed non-responsive and that Offer will not be considered for further evaluation.

De Novo Planning Group

(Offeror's Company Name)

☒ **No Contract Terminations, Settlements, or Legal Actions**

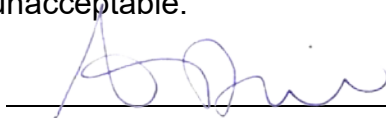
By checking the above box, Offeror declares that the Offeror has not had any Contract Terminations, Settlements, or Legal Actions within the past five years of the date signed hereunder and currently does not have any pending Contract Terminations, Settlements, or Legal Actions.

☐ **One or More Contract Terminations, Settlements, or Legal Actions**

By checking the above box, Offeror declares that the Offeror has had either one or more Contract Terminations, Settlements, or Legal Actions within the past five years of the date signed hereunder in which case, **Offeror must provide a list for all such contracts** and include: Contract Title, Contract Value, Termination Date, Company Name, Contact Name, Phone Number, and Reason for the Terminations, Settlements, or Legal Actions.

The Offeror acknowledges that City may: reject any declarations that are not accompanied with the required documentation as described above; or reject any Offers wherein Offeror has had any Terminations, Settlements, or Legal Actions that City in its sole discretion deems unacceptable.

Signature:



Name/Title

Amanda Tropiano, Principal

Date:

October 31, 2023

REQUEST FOR PROPOSALS # **2023.09.06.01**  
for Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review

**STANDARD FORM E**  
**INSURANCE COMMITMENT FORM**

Each Offer must be accompanied by this form. Failure to provide this form will cause the Offer to be deemed non-responsive and that Offer will not be considered for further evaluation.

De Novo Planning Group

(Offeror's Company Name)

***Offeror acknowledges that:***

City reserves the right to modify the insurance requirements as set forth in the Insurance Requirements section of the Agreement including limits, based on nature of the risk, prior experience, insurer, coverage, or other special circumstances.

City's acceptance and/or approval of the Contractor's insurance documents does not and shall not be construed to relieve Contractor of any obligations, responsibilities or liabilities under any resultant Contract.

Contractor's failure to comply with the required insurance as set forth in the Insurance Requirements of the Agreement is a breach of contract, which may result in one or more of the following: suspension of work, suspension or termination of contract, remuneration of procurement costs for obtaining a replacement contractor, and suspension from submitting future offers based on Contractor's default.

***Offeror, at Offeror's sole cost and expense, hereby promises and agrees to:***


Acquire required insurance set forth in the Insurance Requirements of the Agreement.

Provide policies of insurance from a company or companies having a current A.M. Best's rating of no less than A:VII and admitted and authorized to transact the business of insurance in the State of California prior to commencing any work and allowing any subcontractor to commence work on any subcontract until it has secured all required insurance unless otherwise permitted or waived in writing by City's Risk Manager.

Maintain in force at all times during the term of any Contract, insurance policies as set forth in the Insurance Requirements of the Agreement; replace any policies whose carrier's rating falls below A VII with policies that meet or better the required A VII rating no later than the renewal date of the policy; amend, supplement, or endorse existing insurance policies that do not meet the insurance requirements set forth in the Insurance Requirements.

Offeror certifies, represents, and commits to all the Insurance Requirements of the Agreement.

REQUEST FOR PROPOSALS # 2023.09.06.01  
for Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review

Signature:   
Name/Title | Amanda Tropiano, Principal  
Date: | October 31, 2023

**STANDARD FORM F  
OFFEROR QUALIFICATIONS RESPONSE FORM**

(Offeror's Company Name)

Offerors must have demonstrated trustworthiness, as well as the necessary quality, fitness, capacity, and experience to satisfactorily provide the requirements specified in this Solicitation based on prior experience with city, references, and other available information.

Provide the information requested below. Do not omit or renumber any sections. Refer to attached documents sparingly and only as necessary; and ensure that any documents referred to are numbered according to the outline below.

**1. Background.**

Please provide the following information about your company:

A. Your company's full legal name, address, phone, fax, email, website.

| De Novo Planning Group

B. Prior company names (if any) and years in business; mergers, buyouts, etc.

| None , 15 years in business

C. Organizational structure (i.e. corp., LLC, sole proprietorship, etc.).

| California S Corp

D. Names and titles of the principal owner(s).

| Ben Ritchie, Beth Thompson, Steve McMurtry, Amanda Tropiano (Principals)

E. Person(s) authorized to make commitments for your company.

| See Item D Above (Principals)

F. Special recognition or awards.

| Various industry awards including: Brentwood GP and SP-1: APA Award for Economic Development; Envision San Jacinto APA Award for Public Outreach and SCAG Sustainability Award; Lake Forest GPU APA Award for Comprehensive Planning

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REQUEST FOR PROPOSALS # **2023.09.06.01**  
for Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review

**2. Experience.**

Provide the following information relative to required services:

- A. Summary of Experience with similar kinds of work.

|        |        See Section 2B, Page 2-7

- B. Familiarity with state and federal procedures.

|        |        See Section 2C, Page 2-20

- C. Experience working with public agencies.

|        |        See Section 2B, Page 2-8

- D. Narrative of the working relationship with current business references for information not already included in the References Form.

|        |        See Section 2B, Pages 2-7 through 2-18

**3. Qualifications.**

Provide the following information relative to required services:

- A. Financial responsibility.

|        |        See Section 2C, Page 2-19

- B. Demonstrated Technical Ability.

|        |        See Section 2C, Page 2-19

- C. Capability of developing innovative or advanced techniques.

|        |        See Section 2C, Page 2-19

- D. Special qualifications, training, credentials.

|        |        See Section 2C, Page 2-22

- E. Staff names, titles, role, qualifications, and experience assigned to this project.

|        |        See Section 2C, Page 2-22

- F. Designated project manager assigned to this project.

|        |        See Section 2C, Page 2-22

REQUEST FOR PROPOSALS # **2023.09.06.01**  
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**4. Understanding.**

Provide the following information relative to required services:

A. Understanding of the work to be done based on this Solicitation.

|        | See Section 2D, Page 2-26

B. Include issues that you believe will require special consideration for this project.

|        | See Section 2D, Page 2-26

C. Identify unique approaches or strengths your company has relative to required services.

|        | See Section 1C, Page 1-7

**5. Approach.**

Provide the following information relative to required services:

A. Understanding of the work to be done.

|        | See Section 2D, Page 2-26

B. Adequacy of labor and resources to satisfactorily perform the requested services and meet the City's needs.

|        | See Section 2C, Page 2-22

C. Names and titles of key management personnel.

|        | See Section 2C, Page 2-22

D. Team to be assigned for these services.

|        | See Section 2C, Page 2-22

**Submitted by:**

Signature:  \_\_\_\_\_

Name/Title |        | Amanda Tropiano, Principal \_\_\_\_\_

Date: |        | October 31, 2023 \_\_\_\_\_

REQUEST FOR PROPOSALS # **2023.09.06.01**  
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**STANDARD FORM G**  
**FIRM OFFER FORM**

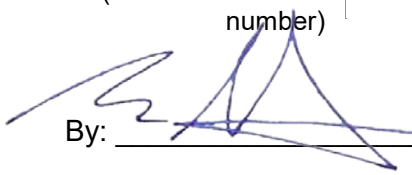
De Novo Planning Group


(Offeror's Company Name)

**FIRM OFFER made by Contractor to the City of Brea:**

I, the undersigned, hereby represent and warrant that I am authorized to submit this Offer on behalf of and to bind the principals who I represent to all the requirements of the City of Brea's Terms & Conditions, Specifications, Scope or Work, any attachments, exhibits, amendments; and I offer and agree to those requirements at the prices set forth in the Offer Form. Further, I understand that no contract exists unless City accepts this Offer by executing the attached Agreement.

Business Name: | De Novo Planning Group  
Business Address: | 1020 Suncast Lane Suite 108, El Dorado Hills, CA 95762  
26-2962235  
Federal ID#: |  
Business Type | 1. Individual/Sole Proprietor or Single-Member LLC; 2. C  
(Contractor enter a | Corporation;  
number) | **3. S Corporation**; 4. Partnership; 5. Trust/Estate; 6. Limited  
Liability Co.

By:   
Name: | Ben Ritchie  
Title: | Principal, President  
britchie@denovoplanning.com  
Email: |

By:   
Name : | Steve McMurtry  
Principal, CFO  
Title: | smcmurtry@denovoplanning.com  
Email: |

Date Signed: | October 31, 2023  
CORPs: Chairperson, President, Vice  
President;  
LLCs: Manager

Date Signed: | October 31, 2023  
CORPs: Secretary, Assist. Secretary, Chief  
Finance Officer, Assist. Treasurer  
LLCs: Manager

[Pursuant to California Corporations Code Section 313, both signature lines must be executed unless the signatory holds at least one of the offices designated on each line.]

[Pursuant to California Corporations Code Section 17703.01(d), both signature lines must be executed unless the articles of incorporation state that the firm is managed by only one manager.]



**REQUEST FOR PROPOSALS # 2023.09.06.01**  
for Focused General Plan Update, Brea Core Specific Plan, and Associated Environmental Review

**STANDARD FORM H  
PRICE FORM**

De Novo Planning Group

(Offeror's Company Name)

Separate and describe your tasks, and associated costs, for the Scope of Services requirements. Attach additional pages if necessary.

<b>Tasks</b>	<b>Description</b>	<b>Amounts</b>
1		\$
2		\$
3		\$
4		\$
5		\$
6		\$
7		\$
8		\$
9		\$
10		\$
	Project Total Costs (add above lines)	\$

**See Section 4, Page 4-3**

*This page intentionally left blank.*

An aerial photograph of a suburban neighborhood. In the foreground, there are several houses with brown roofs and green lawns. A large, white, curved building is visible in the middle ground. The background shows a dense residential area with many houses and trees, extending to a hilly horizon under a clear sky.

A

# APPENDIX A: RESUMES

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# Amanda Tropiano

## PRINCIPAL



Amanda Tropiano is a principal with De Novo Planning Group and is responsible for leading the firm's Southern California practice. With over 15 years of professional planning experience in the region, Amanda has successfully managed a wide variety of land use and environmental planning projects for public and private sector clients, including numerous General Plans, specific plans, corridor plans, strategic plans, sustainability programs, visioning projects, transit-oriented development plans, zoning documents, outreach programs, and CEQA projects. Amanda is also an IAP2 trained public outreach practitioner and has completed project management training with PSMJ. Amanda consistently brings to the table her passion, creativity, and strategic thinking to make sure every project exceeds her client's expectations. Amanda also supports the land use due diligence efforts of clients throughout southern California and assists with navigating public agency planning procedures, reviewing existing regulatory direction, facilitating the entitlement process, and serving as a liaison between public agencies and private developers.

## EDUCATION

**MA, Urban and Regional Planning,**  
University of California, Irvine

**BA, Urban Studies and Planning,**  
University of California, San Diego

**BA, Political Science: Comparative Politics,**  
University of California, San Diego

**Study Abroad Program,**  
University of Sussex

## ORGANIZATIONS

Urban Land Institute

International Association for Public Participation (IAP2)

American Planning Association

Congress for New Urbanism

## RELEVANT PROJECT EXPERIENCE

**General Plan Update, Housing Element, and EIR,**  
City of Lake Forest

**General Plan Update and EIR,**  
City of La Verne

**General Plan Update, Housing Element, EIR, and CAP,**  
City of San Jacinto

**General Plan Update, Housing Element, Zoning Update, and EIR,**  
City of San Marcos

**Focus General Plan Update and EIR,**  
City of Glendale

**General Plan Update, Hawthorne Blvd Specific Plan Update, and EIR,**  
City of Lawndale

**General Plan Update and EIR,**  
City of Campbell

**General Plan Update and EIR,**  
City of Milpitas

**Housing Element Update**  
City of Temecula

**General Plan Update and EIR,**  
City of Westminster\*

**General Plan Update and EIR,**  
City of Menifee\*

**General Plan Update, Housing Element and EIR,**  
City of Yucaipa\*

**Housing Element Update,**  
City of Santa Ana\*

**Irvine Neighborhood Plan,**  
City of Irvine

**Springs Specific Plan and EIR,**  
Sonoma County

**SAVI Ranch Land Use and Mobility Vision Plan,**  
City of Yorba Linda\*

**Vision Plan,**  
City of Carson\*

**Crafton Hills College Village Overlay Zone,**  
City of Yucaipa\*

**Downtown Bellflower Transit-Oriented Development Specific Plan**  
City of Bellflower\*

**Envision Alhambra 2035 Public Outreach Campaign and Phase I General Plan Update,**  
City of Alhambra\*

**Torrance Strategic Plan Update: Community Profile and Environmental Scan,**  
City of Torrance\*

**Downtown Transit Study,**  
City of Fontana\*

\* Project was completed by Ms. Tropiano while he was employed at another planning firm

De Novo Planning Group

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# Perry A. Banner

## PRINCIPAL PLANNER



Perry Banner brings a combined 18 years of experience in local government and private practice planning to the firm with work in both the United States and Canada. Perry possesses a diverse range of skills, including project management, land use analysis and policy development. His capabilities also include economic development and real estate development.

Perry has successfully managed a wide variety of urban planning projects, including General Plans, community plans, specific plans, transit-oriented development plans, zoning documents and public outreach programs. His passion lies in helping communities, neighborhoods and their residents visualize the future and giving them the tools to make well-informed decisions. He believes in questioning conventional wisdom and always looking at problems from multiple angles and viewpoints to find effective and innovative solutions to develop plans that create results. Perry also supports private sector clients in navigating public agency approval processes.

### EDUCATION

**BA, Economics,**  
University of Western Ontario, London,  
Canada

**Diploma, Urban and Regional  
Planning Technology,**  
Fanshawe College, London, Canada

**Ross Minority Program in Real  
Estate,**  
University of Southern California, Los  
Angeles

### ORGANIZATIONS

American Planning Association  
Congress for New Urbanism

### RELEVANT PROJECT EXPERIENCE

**General Plan Update and EIR,**  
City of San Marcos

**General Plan Update and EIR,**  
City of Lawndale

**General Plan Update and EIR,**  
City of San Jacinto

**General Plan Update and EIR,**  
City of Rolling Hills Estates\*

**General Plan Update and EIR,**  
City of Laguna Woods\*

**Community Plans Continuum Project,**  
County of San Bernardino\*

**Housing Element Update (6<sup>th</sup> Cycle),**  
City of Stanton

**Housing Element Update (6<sup>th</sup> Cycle),**  
City of Hawthorne

**Housing Element Update (6<sup>th</sup> Cycle),**  
City of Rancho Santa Margarita

**Housing Element Update (6<sup>th</sup> Cycle),**  
City of Lake Forest

**Housing Element Update (6<sup>th</sup> Cycle),**  
City of Westminster

**Housing Element Update (4<sup>th</sup> Cycle),**  
City of Lawndale\*

**Local Hazard Mitigation Plan and  
Safety Element Update,**  
City of Lawndale\*

**Southern California Logistics Airport  
(SCLA) Specific Plan and EIR,**  
Stirling Development/City of Victorville\*

**Meredith International Centre Specific  
Plan Amendment,**  
Craig Development Corp/City of Ontario\*

**Pueblo Viejo Implementation Strategy  
Plan and Design Guidelines,**  
City of Coachella\*

**One Metro West Specific Plan and  
EIR (Peer Review),**  
City of Costa Mesa\*

**Small Lot Subdivision Ordinance,**  
City of Orange

**TOD Overlay – Marine Avenue Green  
Line Station,**  
Cities of Lawndale, Hawthorne and  
Redondo Beach\*

**Commercial Cannabis Program,**  
City of Pasadena\*

**Short-term Rental Program,**  
City of Pasadena\*

**Pilot Travel Center (Palmdale),**  
Pilot Company

**141<sup>st</sup> and Normandie Townhomes  
Project IS/MND,**  
The Olson Company

\* Project was completed by Mr. Banner while he was employed at another agency or planning firm

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# Ben Ritchie

## PRINCIPAL

Mr. Ritchie is a founding principal at De Novo Planning Group with over 20 years of experience. Mr. Ritchie's expertise includes managing long range planning documents, completing complex and controversial CEQA documents, and facilitating community outreach and public communications efforts for the firm. His experience includes a variety of land use, transportation, and sustainability projects throughout California. Mr. Ritchie has extensive knowledge of the nuanced interplay between CEQA and long range planning, and he has assisted numerous communities with the establishment of planning strategies to achieve effective and legally defensible approaches to economic development, sustainability and streamlined development. Ben graduated from Cal Poly San Luis Obispo with a bachelor's degree in Political Science and a Master of City and Regional Planning.

### EDUCATION

**MA, City and Regional Planning,**  
Cal Poly San Luis Obispo

**BA, Political Science and History,**  
Cal Poly San Luis Obispo

### ORGANIZATIONS

American Planning Association  
Association of Environmental  
Professionals

### RELEVANT PROJECT EXPERIENCE

**General Plan Update and EIR,**  
City of Lake Forest

**General Plan Update and EIR,**  
City of La Verne

**General Plan Update, Zoning Code  
Update, Climate Action Plan, and EIR,**  
City of San Jacinto

**General Plan Update, Housing  
Element, and EIR,**  
City of Brentwood

**PA-1 Specific Plan and EIR,**  
City of Brentwood

**General Plan and Zoning Code  
Update, Housing Element, and EIR,**  
City of Sebastopol

**General Plan Update, Housing  
Element and EIR,**  
City of Cotati

**General Plan Update, Housing  
Element, Zoning Code Update and  
EIR,**  
Colusa County

**General Plan Update EIR and Climate  
Action Plan,**  
City of Foster City

**Sustainability Element and Climate  
Action Plan EIR,**  
City of Elk Grove

**General Plan Update and EIR,**  
City of Campbell

**General Plan Update and EIR,**  
City of Milpitas

**General Plan Update and EIR,**  
City of Lakeport

**General Plan Update and EIR,**  
City of Manteca

**General Plan Update and EIR,**  
City of Lathrop

**General Plan Update and EIR,**  
City of Jackson

**General Plan Update and EIR,**  
City of Willows

**General Plan Update and EIR,**  
Glenn County

**General Plan Update and EIR,**  
City of Red Bluff

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# Megan Thorne, AICP, LEED AP BD+C

## SENIOR PLANNER + DESIGNER



Megan Thorne is a senior planner and project manager with De Novo Planning Group. With over 15 years of professional planning experience, Megan has worked on a wide variety of planning projects for public and private sector clients, including numerous specific plans, general plans, corridor plans, site plans, design guidelines, strategic plans, sustainability programs, visioning projects, transit-oriented development plans, zoning documents, outreach programs, and 3D visualizations. Megan possesses the ability to think creatively and envision change while keeping projects grounded with achievable benchmarks and implementable policy goals. She excels at communicating complex information and policy ideas in a compelling and simple manner. As a designer, Megan has differentiated herself with her hand-drawing abilities as well as her technical skills. Her technical expertise includes 3D modeling, graphic design, and web design. She continues to pioneer ways new technology can improve old processes from community outreach approaches to the web-publication of planning documents.

### EDUCATION

#### **MCP, City Planning, Urban Design Concentration**

University of Pennsylvania,  
Philadelphia

#### **BS, Urban, Rural, and Environmental Planning,**

Brigham Young University, Provo

**Research,**  
Cambridge University (UK), Pembroke  
College

### ORGANIZATIONS

Urban Land Institute

AICP Certified, American Planning  
Association  
AICP Certification # 35377

U.S. Green Building Council  
LEED AP BD+C,  
Credential Id # 10433552-AP-BD+C

### RELEVANT PROJECT EXPERIENCE

**Burbank Media District Specific Plan**  
City of Burbank\*

**Rialto Specific Plan Update**  
City of Rialto\*

**River Walk Specific Plan**  
Stanislaus County

**Downtown Bellflower Transit-Oriented Development Specific Plan**  
City of Bellflower\*

**West Carson Transit-Oriented Development Specific Plan**  
City of West Carson\*

**Morena Corridor Specific Plan**  
City of San Diego\*

**Long Beach Southeast Area (SEASP) Specific Plan**  
City of Long Beach\*

**Stanton Plaza Specific Plan Amendment and EIR Addendum**  
City of Stanton\*

**Airport Gateway Specific Plan**  
Inland Valley Development Agency\*

**Harmony Specific Plan**  
Lewis Companies, City of Highland\*

**De Anza Revitalization Plan**  
City of San Diego\*

**Fontana Downtown Design Guidelines**  
City of Fontana

**Irvine Neighborhood Plan**  
City of Irvine

**General Plan Update and EIR**  
City of San Jacinto

**General Plan Update and EIR**  
City of La Verne

**General Plan Update and EIR**  
City of Lake Forest

**General Plan Update and EIR**  
City of Westminster\*

**General Plan Update and EIR**  
City of San Marcos

**South El Monte Zoning Code Update**  
City of South El Monte\*

**Hemet Zoning Code Update**  
City of Hemet\*

**ADU Ordinance and Guidebook**  
City of Lone

**City of Bellflower Sign Code Update**  
City of Bellflower

**Temecula CAP Baseline Study**  
City of Temecula\*

**OCCOG Geospatial Solutions**  
Orange County Council of  
Governments\*

**Housing Policy Leadership Academy**  
Southern California Association of  
Governments\*

**Livermore Downtown Visioning & Site Planning**  
City of Livermore\*

\* Project was completed by Ms. Thorne while she was employed at another planning firm

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# Erik Anderson

## ASSOCIATE PLANNER



Erik has worked on a diverse range of projects for public and private sector clients, with a focus on environmental and sustainability planning, land-use planning, and policy development. Erik provides project support in the preparation of CEQA documentation and long-range planning documents, including General Plans, Housing Elements, and Zoning updates. His experience includes grassroots lobbying with a non-profit environmental organization and work in the legal field. Erik is passionate about serving communities and creating innovative work through place-based development strategies.

### EDUCATION

**BA, Political Science,**  
University of California, Los Angeles

**Master of City and Regional Planning,**  
Cal Poly, San Luis Obispo

### ORGANIZATIONS

American Planning Association

Association of Environmental Professionals

Congress for the New Urbanism

### AWARDS

2019 California Planning Foundation,  
Central Coast Section Scholarship

2019 & 2020 Errett Fisher Foundation  
Scholarship

### RELEVANT PROJECT EXPERIENCE

**General Plan Update, Zoning Update, and EIR**

City of San Jacinto

**General Plan Update, Hawthorne Blvd Specific Plan Update, and EIR**

City of Lawndale

**Zoning Update and Addendum to General Plan EIR**

City of Westminster

**General Plan Update and EIR**

City of Jackson

**General Plan Update and EIR**

City of Red Bluff

**Mountain House Incorporation IS/ND**

San Joaquin County

**SR-120 Interchange IS/MND**

City of Lathrop/Caltrans

**Circulation Element Update IS/ND**

City of Bell Gardens

**U-Haul Expansion IS/MND**

City of Gardena

**Pilot Travel Center IS/MND**

City of Moreno Valley

**Applied Medical Expansion IS/MND**

City of Lake Forest

**2500 North Hollywood Way EIR**

City of Burbank

**Harper Project EIR**

City of West Hollywood

**Focused General Plan Update**

City of Glendale

**Local Hazard Mitigation Plan**

Laguna Hills, CA

**Housing and Safety Element Update**

City of Rancho Santa Margarita

**Housing Element Update (6<sup>th</sup> Cycle)**

Cities of Lawndale, Glendale, Hawthorne, La Verne, Avalon, Lake Forest, Rancho Santa Margarita, Westminster, Temecula, and San Jacinto

**General Plan Update**

City of McFarland\*

**McFarland Zoning Code Update**

City of McFarland\*

\* Project was completed by Mr. Anderson while enrolled as a Graduate Student in City and Regional Planning at Cal Poly, San Luis Obispo

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CREATING  
ENVIRONMENTS  
PEOPLE  
ENJOY.

## JAMI WILLIAMS | CNU-A

As a leading urban planner and managing partner at RRM Design Group, Jami Williams brings a wealth of experience to each project she's involved in. Jami can translate public concern and preference into cutting-edge design and policy. Her ability to implement clients' visions and needs into community beneficial design makes her one of RRM's most trusted urban planners. Jami leads her team with hands-on collaboration and creative problem-solving. With experience in smart growth, mixed-use and transit-oriented planning, her ability to maximize quality design, minimize costs and build on community consensus serves as an asset to all who work with her.

### Project Role

PRINCIPAL  
IN CHARGE

### Experience

27 YEARS OF  
EXPERIENCE

### EDUCATION

- Master of Business Administration, Architecture Management Track, California Polytechnic State University, San Luis Obispo, CA
- Bachelor of Architecture, California Polytechnic State University, San Luis Obispo, CA

### ACCREDITATIONS

#### • LICENSES •

### AFFILIATIONS

- Congress for the New Urbanism Accredited (CNU-A)
- American Planning Association (APA), Member
- Urban Land Institute (ULI), Associate Member

### RELEVANT PROJECTS

- Azusa TOD General Plan/ Development Code Update and Specific Plan
- Balboa Avenue Station Area Specific Plan, San Diego
- Balboa Village Design Guidelines, Streetscape Improvement Plan, and Wayfinding Sign Program, Newport Beach
- Carlsbad Objective Design Standards
- Carlsbad Village and Barrio Master Plan
- Chula Vista Urban Core Specific Plan and Design Guidelines
- Claremont Village West Specific Plan and Design Guidelines
- Coronado Vision Plan
- El Cajon Civic Center Pre-Development Planning and Design
- El Cajon Housing Element Rezoning Program Mixed-Use Zone Testing
- El Monte Downtown TOD Specific Plan
- Encinitas SB 2 Objective Design Standards and Process Improvements
- Fullerton Downtown Core & Corridors Specific Plan
- Gilroy Downtown Specific Plan
- Huntington Beach Specific Plan
- Mission Boulevard Public Spaces and Active Transportation Network, San Diego
- San Ysidro Community Plan Update
- San Ysidro Historic Village Specific Plan
- Southwest Fillmore Business Park Master Plan
- Yorba Linda Town Center Specific Plan



Huntington Beach Specific Plan



## PROJECT ROLE

PROJECT MANAGER

## EXPERIENCE

7 YEARS

## EDUCATION

- Master of City Planning, San Diego State University
- Juris Doctor, Lewis & Clark Law School
- Bachelor of Arts, English and German, University of California, Davis
- Minor in Environmental Policy and Planning, University of California, Davis

## ACCREDITATIONS • LICENSES • AFFILIATIONS

- American Institute of Certified Planners, CA, 33721

# KATJA DILLMANN | JD, AICP

As a trained lawyer and city planner, Katja Dillmann brings an enriching perspective to RRM's Planning team. Her commitment to community impact and inclusivity informs much of her work. From bicycle infrastructure to elementary school safe routes to school planning and programming, Katja's passion centers around active transportation. With a personal love for bicycling and active living, she's committed to building plans that enhance a city's outdoor space. Not only do Katja's projects enliven cityscapes, but they add to the community as well. As an active participant in client relations and community outreach, she makes sure to fulfill the needs of, not just the client, but the community at large.

## RELEVANT PROJECTS

- 24th Street TODO: Transit Oriented Development Overlay, National City\*
- Active Transportation Plan, West Covina\*
- Bicycle Master Plan, Calexico\*
- Carson Economic Development Strategic Plan
- City of Chula Vista Active Transportation Plan\*
- City of El Cajon Active Transportation Plan\*
- City of Santee Mobility Element\*
- City of Wildomar Mobility Plan\*
- Comprehensive Active Transportation Plan, Coronado\*
- Dana Point General Plan Outreach
- El Segundo Downtown Specific Plan Update
- Hawthorne Zoning Code Amendments
- Escondido Public Art Master Plan
- La Mesa Boulevard Complete Streets\*
- LA Metro Complete Streets Training\*
- LADOT Safe Routes to School Program, Los Angeles\*
- Los Angeles Metro Active Transportation Strategic Plan (ATSP) Update (ATSP)\*
- MAP Encinitas (Modal Alternatives Project)\*
- Patterson Downtown Master Plan
- Safe Routes to School Pilot Program, Carlsbad\*
- San Carlos Downtown Specific Plan
- Sustainable Mobility Plan, Carlsbad\*

\* Work performed prior to joining RRM Design Group



City of El Segundo Specific Plan





### Project Role

**PRINCIPAL PLANNER  
+ URBAN DESIGNER**

### Experience

**15 YEARS OF  
EXPERIENCE**

### EDUCATION

- Master of City Planning, San Diego State University, San Diego, CA
- Bachelor of Science, Architecture, Universidad Autónoma de Baja California, Mexico

### ACCREDITATIONS

• LICENSES •

### AFFILIATIONS

- American Planning Association Member
- American Institute of Architects International Associate Member
- San Diego American Planning Association (SDAPA)

• \*Work performed prior to joining RRM Design Group

## ELIZABETH OCAMPO VIVERO

Elizabeth Ocampo Vivero is a passionate urban planner with experience in community planning, land use planning, project management, and urban design. Prior to joining RRM Design Group, Elizabeth worked as Director of Planning and Urban Design at a planning and architecture firm in San Diego, where she led the planning practice of the firm, and managed a series of projects, including multi-family re-development projects, streetscape improvement projects, and specific plan amendments. Elizabeth's experience includes seven years at the City of San Diego Planning Department, where she participated in multiple phases of the community plan update process for Old Town San Diego, Midway - Pacific Highway, and North Park. While at the City of San Diego, she also managed grant-funded planning efforts. Her experience also includes supporting retail, educational, and healthcare projects, as well as preparing subdivision plans for residential development, while working for structural engineering firm and a land development engineering firm in Mexico.

### RELEVANT PROJECTS

- Dana Point General Plan Outreach
- Clairemont Community Plan Update, San Diego
- Clairemont Online Community Engagement Tool, San Diego\*
- Goleta Objective Design Standards for Multifamily
- La Jolla Cove Hotel Streetscape Improvements Concepts, San Diego\*
- Long Beach ADU and SB9 Ordinances
- Marilla Drive Entitlement Services, Lakeside
- Mariners' Cove Redevelopment Project, San Diego\*
- Midway - Pacific Highway Community Plan, San Diego\*
- Mission Boulevard Public Spaces and Active Transportation, San Diego\*
- North Park Community Plan, San Diego\*
- Old Town San Diego Community Plan\*
- Rams Hill Specific Plan Amendment, Borrego Springs\*
- San Luis Obispo County Pre-Approved ADU Plans
- Santee Arts & Entertainment District & Town Center Specific Plan Update



Dana Point General Plan Outreach



# SCOTT MARTIN | AIA, LEED AP, CNU-A

Scott is a talented architect with a keen ability to be innovative and sensitive to clients' needs. His project focus and experience are wide-ranging, from illustration, master planning, urban design, needs assessments, and design review to the production and construction of facilities. Scott is a LEED Accredited Professional with a high level of expertise in designing and implementing sustainable solutions. Scott's unique relationship with both public and private clients gives him an understanding of the realities of development and community priorities. He excels in working directly with owner and user groups to set project goals and priorities. With his strong technical skills, Scott blends cohesive design solutions to bring a project's vision to reality.

## Project Role

PRINCIPAL  
ARCHITECT

## Experience

22 YEARS OF  
EXPERIENCE

## EDUCATION

- Bachelor of Architecture, California Polytechnic State University, San Luis Obispo, CA

## ACCREDITATIONS

### • LICENSES • AFFILIATIONS

- Architect, CA, C32348
- Architect, CO, 00405508
- Leadership in Energy and Environmental Design Accredited Professional (LEED AP)
- Congress for the New Urbanism Accredited (CNU-A)
- American Institute of Architects (AIA)
- San Luis Obispo Chamber of Commerce Economic Development Committee

## RELEVANT PROJECTS

- American Canyon Watson Ranch Specific Plan Implementation
- Azusa TOD General Plan/ Development Code Update and Specific Plan
- Balboa Avenue Station Area Specific Plan, San Diego
- El Monte Downtown TOD Specific Plan
- El Segundo Downtown Specific Plan Update
- Foothill Boulevard Specific Plan and Design Guidelines, Rialto
- Fort Bragg Georgia-Pacific Mill Site Specific Plan (Ph 3,4, X)
- Fullerton Downtown Core & Corridors Specific Plan
- Gilroy Downtown Visioning Charrette, Specific Plan, and Design Guidelines
- Huntington Beach Research and Technology Zone
- Los Altos Downtown Vision
- North 40 Specific Plan, Los Gatos
- North Fillmore Specific Plan Architectural Design Guidelines
- Pomona Downtown Specific Plan Update
- San Ysidro Historic Village Specific Plan, San Diego
- Shadelands Gateway Specific Plan, Walnut Creek
- Temecula Citywide Design Guidelines
- Thousand Oaks Boulevard Specific Plan
- Yorba Linda Town Center Specific Plan



Balboa Avenue Station Area  
Specific Plan





### Project Role

PRINCIPAL  
LANDSCAPE  
ARCHITECT

### Experience

17 YEARS OF  
EXPERIENCE

### EDUCATION

- Bachelor of Landscape Architecture, California Polytechnic State University, San Luis Obispo, CA
- Minor, City and Regional Planning, California Polytechnic State University, San Luis Obispo, CA

### ACCREDITATIONS

#### • LICENSES •

#### AFFILIATIONS

- Professional Landscape Architect, CA, 6210
- Leadership in Energy and Environmental Design (LEED AP)

## LANCE WIERSCHEM | PLA, LEED AP

With a sharp eye, Lance Wierschem's detailed design enhances the artistry of each project he is involved in. As an experienced landscape architect and planner, Lance offers an expansive view of design. From trails and recreational parks to public and community centers, Lance's versatile experience serves both his team and his clients. Engaged in all aspects of project administration, from visioning to construction, his alliance to creative collaboration is reflected in his work. Both his collaborative efforts and his artistic vision guide Lance's design process, elevating outdoor spaces into captivating environments for all to enjoy.

### RELEVANT PROJECTS

- Long Beach Sidewalk Dining and Parklets Handbook
- Downtown Brea Parklets Feasibility Study
- 25th Street Renaissance Streetscape, San Diego
- Arcadia Design Guidelines Update
- Balboa Village Design Guidelines, Streetscape Improvement Plan, and Wayfinding Sign Program, Newport Beach
- Big Bear Village Specific Plan Update, Big Bear Lake
- Camarillo General Plan Community Design Element Update
- Colton Downtown Development Code and Design Manual
- Del Mar Design Guidelines and Municipal Code Amendments
- Fremont Design Guidelines
- Hermosa Beach Pier Avenue Street Improvements
- Los Altos Downtown Vision
- Mission Plaza Assessment and Master Plan, San Luis Obispo
- Mission Boulevard Public Spaces and Active Transportation Network
- North 40 Specific Plan, Los Gatos
- Pismo Beach Downtown Core Vision, Goals and Strategic Plan
- Pismo Beach Pier Plaza and Parking
- Lot Upgrade and Price Street Streetscape
- Salinas East Market Street Streetscape, Salinas
- San Ysidro Historic Village Specific Plan, San Diego
- Santa Cruz Downtown Design Standards
- Stanton Livable Beach Boulevard Mobility Plan
- Ventura County General Plan Contract Planning
- West Newport Mesa Streetscape Master Plan, Newport Beach
- Yucaipa Citywide Design Guidelines



Downtown Brea Parklets Feasibility Study



# Bill Halligan, Esq.

## SENIOR DIRECTOR, ENVIRONMENTAL PLANNING + COMPLIANCE

An environmental practitioner and attorney with more than 30 years of experience in private- and public-sector planning, Bill has prepared hundreds of environmental documents for a diverse range of projects throughout California. Throughout his career, Bill has leveraged his specialty in land use and environmental law to help agencies continually withstand legal challenges related to CEQA. In addition to CEQA documentation, Bill also provides third-party review for legal adequacy of EIRs prepared by other consultants. His diverse background provides him with a unique understanding of planning and zoning law, CEQA, and the National Environmental Policy Act (NEPA). Bill's notable projects include EIRs for the Anaheim General Plan/Zoning Code Update, The Platinum Triangle and Honda Center for the City of Anaheim, the award-winning LA County General Plan, and the The Ontario Plan and Citywide Greenhouse Gas (GHG) Inventory. For the latter, Bill was involved in extensive discussions and negotiations with the State Attorney General's office regarding the analysis of GHG emissions in project EIRs.

### RELEVANT EXPERIENCE

Bill has overseen and/or managed General Plan EIRs for the Cities of:

- Anaheim
- Downey
- El Monte
- Fountain Valley
- Irvine
- Los Alamitos
- Menifee
- Ontario
- Palm Springs
- Pasadena
- Rancho Mirage
- San Bernardino
- San Clemente
- Temple City
- Torrance
- Yucca Valley

Bill's depth of knowledge and legal expertise allowed him to provide legally defensible documents for all of these clients, as well as come up with innovative solutions to challenges faced by the cities, **saving his clients time and money.**

### OTHER EXPERIENCE

- **City of Brea, 265 Specific Plan.** Senior Advisor. The Brea 265 Specific Plan proposes a master planned residential community totaling 1,100 residential units (450 low-density and 650 medium-density units including 76 affordable housing) with an overall average density of 4.2 dwelling units per acre, 15.1 acres of parks/recreation uses, and 47.5 acres of open space linked together by an extensive trail and bicycle network. The proposed project would require discretionary actions including a general plan amendment, rezoning, tentative tract map, development agreement, and annexation. Bill served as a Senior Advisor on the EIR for the project.
- **County of Los Angeles Department of Regional Planning.** Los Angeles County 2035 General Plan EIR. Project Director. Bill prepared the Program EIR for the comprehensive update to the 1980 Los Angeles County General Plan. The Los Angeles County 2035 General Plan provides the policy framework for how and where unincorporated Los Angeles County will grow through the year 2035 while recognizing and celebrating the County's diversity of cultures, abundant natural resources, and status as an international economic center. Comprising approximately 2,650 square miles, unincorporated Los Angeles County is home to over 1 million people. The Los Angeles County 2035 General Plan accommodates new housing and jobs in unincorporated areas in anticipation of population growth in Los Angeles County and the region.



**With Bill's oversight, environmental documents prepared by Harris withstand legal challenge. Every challenged project Bill has managed has been upheld in California state courts.**

### EDUCATION

JD, Law  
Emphasis: Environmental, Land Use, and Real Estate Law  
BA, Social Ecology  
Emphasis: Environmental Analysis and Design

### REGISTRATION

Bar Certified Attorney, CA

### AFFILIATIONS

Orange County Bar Association  
Association of Environmental Professionals (AEP), State President  
AEP Legislative Review Committee (Former Chair)

# Elizabeth Kim

## SENIOR PROJECT MANAGER

With 22 years of professional experience, Elizabeth is a seasoned and highly versatile senior planner who has expert CEQA knowledge and skills with exceptional work ethics. She has successfully completed CEQA documents for many different types and sizes of projects from the proposal stage to adoption/certification. As a project manager, she oversees all aspects of the environmental process and confirms adherence to budget and scope. Elizabeth has successfully navigated project challenges such as community opposition and health and safety concerns.

## RELEVANT EXPERIENCE

- **City of Brea, *Brea 265 Specific Plan EIR*.** Project Manager. The project involved development of a 1,100-unit master planned residential community on a 262-acre site. The project included a sports park, various recreational amenities, and open space linked together by an extensive trail network. Elizabeth wrote various sections of the EIR and also reviewed all technical studies (air quality, biological resources, GHG emissions, noise, geotechnical investigation, water quality management plan, water and sewer utility assessments, and transportation (LOS and VMT assessment)) and sections prepared by different subconsultants and specialists. She also managed the schedule and budget and coordinated with the city staff and various subconsultants.
- **City of Anaheim, *ocV!BE Project (Addendum to SEIR No. 339)*.** Project Manager. The project involved development of a mixed use lifestyle, entertainment, and residential neighborhood on approximately 100-acre site within the Platinum Triangle anchored by the existing Honda Center arena and ARTIC transit hub. Elizabeth prepared and managed the Addendum that had a complex background involving numerous prior certification documents and approvals. **Elizabeth successfully completed the project on a tight schedule and under budget.**
- **City of Industry, *Addendum to Industry Business Center EIR*.** Project Manager. The project involved development of eight industrial concrete tilt-up buildings totaling approximately 4.3 million square feet, an increase of 327,820 square feet industrial building area from the previously approved project on a 597-acre site (Industry Business Center) in the City of Industry. The Addendum was prepared to substantiate that none of the conditions specified in Section 15162 of the CEQA Guidelines are present. Elizabeth closely worked with city staff to develop a customized format for the Addendum to meet the specific needs of the City and advise them of the changes in regulations and updated standards.
- **Chaffey Community College District, *Rancho Cucamonga Campus Master Plan EIR*.** Project Manager. Elizabeth prepared and provided oversight for the EIR involving the demolition, construction, and renovation of campus facilities over multiple phases on the existing 200-acre Rancho Cucamonga campus. She presented the overall findings of the EIR at the public hearing and answered questions from the public. **She coordinated and communicated closely with CCCD staff to provide expert advice and respond early to project changes that could impact the analyses, which led to legally defensible EIR delivered on time and within budget.**
- **Santa Ana Unified School District, *Saddleback High School Sports Complex IS/MND*.** Project Manager. Elizabeth prepared the Initial Study/Mitigated Negative Declaration for the construction of a new state of the art sports complex with 3,000 bleacher seat capacity and nighttime sporting lighting at the existing Saddleback High School in the City of Santa Ana. **She coordinated with the school district and design team early on to identify main issues involving development of a stadium and worked with the team to support the preparation of an MND instead of an EIR, thereby saving time and budget.**



Elizabeth pays keen attention to quality and detail and maintains that attention throughout the environmental review process in the most challenging situations.

## EDUCATION

MA, Urban and Regional Planning  
BA, Environmental Analysis and Design



# Yliana Ortega

## DEPUTY PROJECT MANAGER

Yliana works to assist cities and counties with planning for their future through preparation of technically sound and legally defensible analyses and environmental impact assessment documentation, including technical writing, analysis, review, and quality control in compliance with both CEQA and NEPA, including the latest changes to CEQA Guidelines and legislation. She has been growing her career in environmental document preparation for the last four years, with her project work focusing on Southern California agencies.



Yliana is passionate about helping cities and counties plan for their future.

## RELEVANT EXPERIENCE

- **City of Victorville, General Plan Annual Progress Report.** Environmental Analyst. Yliana assisted with the preparation of the General Plan Annual Progress Report (APR) to fulfill the requirement of California Government Code, Section 65400(a), regarding the implementation status of the City of Victorville's General Plan. Yliana coordinated with the Harris team on the Housing Element APR to submit to Office of Professional Responsibility (OPR) and Housing and Community Development (HCD).
- **City of Gardena, Gardena Industrial Center Project.** Assistant Project Manager. As part of this project, Yliana prepared environmental documentation in the form of an Initial Study Mitigated Negative Declaration for the project which consists of the demolition of all existing on-site buildings, totaling 296,630 square feet of building space, parking lots, and associated improvements and the construction of a 190,860 square foot tilt-up concrete industrial building. Yliana attended the City Council meeting for the project, as the project was approved.
- **City of Vista, Green Oak Villas CPUC letter.** Environmental Analyst. Yliana assisted with the preparation of the supplemental letter pursuant to General Order 173 regarding California Public Utilities Code (CPUC) Section 851 Advice Letters. This was for the project which included the approval of a Site Development Permit, Tentative Subdivision Map, and a Condominium Housing Permit to construct 107 two-story townhome units situated on property in the southeastern portion of the city.
- **Value Rock Realty Partners, Mission Viejo Garden Plaza Environmental Impact Report.** Environmental Analyst. This project entails the redevelopment of a 5.2-acre site in the City of Mission Viejo from office and retail uses to a four-story mixed use project. Assisting with the completion of topical sections. Harris is working as a team with ValueRock Realty Partners to efficiently achieve compliance with the California Environmental Quality Act (CEQA). Harris is preparing the EIR in coordination with the City of Mission Viejo using the CEQA Guidelines thresholds. Yliana coordinated with the client and team to assist in the completion of topical sections for the EIR.
- **Orangethorpe Investment Partners, LLC, Placentia Mixed-Use Project CEQA Documentation Addendum.** Assistant Project Manager. Harris is completing the CEQA documentation for the Placentia Mixed-Use Project in the City of Placentia. The proposed project occurs at the corner of Placentia Avenue and Orangethorpe Avenue. The project applicant proposes to develop and operate up to 260 multi-family residential dwelling units and up to 3,000 square feet of commercial retail use. This project would include a parking structure at the northeast corner of the project site, a five-story residential building with amenities including a mail and parcel room, leasing office, fitness area, club room, co-working space, and a central pool courtyard. Yliana worked with the City, the applicant, and legal team to determine the appropriate CEQA documentation for the project.

## EDUCATION

BS, City & Regional Planning

# Hitta Mosesman

## VICE PRESIDENT, COMMUNITY DEVELOPMENT & HOUSING CONSULTING

Hitta has over 20 years of housing and community development consulting experience and has worked with cities, public agencies, and special districts throughout California. Hitta has unique expertise that ranges from planning to economic and financial analysis, to project implementation related to housing and other land uses. She is currently leading services for the cities of Walnut Creek, Irvine, Victorville, Hawthorne, Duarte, Bellflower, and Garden Grove on housing elements as well as analyzing tools to produce affordable housing projects and implementing affordable housing projects. Hitta's depth of expertise is not only in the planning, but also in the financial feasibility and effective implementation of affordable housing, which allows her to provide a thorough viewpoint for the lifecycle of addressing the housing crisis.

### RELEVANT EXPERIENCE

- **City of Irvine, General Plan Update; 6th Cycle Housing Element; and Housing Consulting Services.** Principal-in-Charge. Harris is currently leading a comprehensive update to the City's General Plan. Following the successful preparation and certification of the City's Housing Element Update, which was also led by Hitta and certified in May 2022, this update involves a RHNA of more than 23,000 units. Hitta is leading this effort and has prepared a feasibility study focused on the City's inclusionary housing requirement and provided the following services to the City of Irvine for multiple years. **These services assisted the City in continuing its eligibility for affordable housing funding, identified resources and potential timing for the development of affordable housing, assessed current housing conditions to identify issues of concern on housing safety and assisted the City with making sure that residents of affordable units qualify in the designated income categories:**
  - Preparing the Annual Progress Report on the Housing Element.
  - Preparing an Affordable Housing Strategy and Implementation Plan (a component of the City's Housing Element).
  - Creating a first-of-its-kind automated and streamlined housing compliance monitoring database for over 80 affordable housing projects within the City. Data points included affordability/income requirements, applicable rents, covenant and developer agreement terms, number of units, income information and compliance determination for each project.
- **City of Victorville, General Plan Update (including 6th Cycle Housing Element Update) and Housing Consulting Services.** Hitta is leading a multi-disciplinary team to provide an update to portions of the City's General Plan, including the 6th Cycle Housing Element Update as well as updates to the Land Use and Safety Elements and the preparation of an Environmental Justice Element. All updates are triggered by the legal requirement for all California cities and counties to update the housing element every eight years. Harris has also provided the Annual Progress Report on the General Plan for the past two years (including the Housing Element), residual receipts calculations for existing affordable housing projects that have loans with the City and advised on leveraging City-owned land assets for the development of affordable housing.
- **Cities of Walnut Creek and Millbrae, 6th Cycle Housing Element and General Plan Update.** Principal in Charge. Harris is preparing the Walnut Creek and Millbrae Housing Element Updates. The scope of work includes the preparation of the Housing Elements, pursuant to the requirements of the California Housing and Community Development Department (HCD), community engagement assistance, and coordination with staff and HCD. Hitta oversees and provides guidance to the project team. Both Housing Elements are set to be submitted in the Fall of 2022.



Hitta has more than 20 years of housing experience in the areas of development feasibility, planning, RHNA strategy, grants and funding, and compliance and reporting.

### EDUCATION

BA, Economics, Minor in Business Management

# Dima Galkin

## SENIOR PROJECT MANAGER

Dima has more than ten years of experience in housing analysis for both market-rate and affordable development. He has advised California cities on affordable housing asset management and disposition, reviewed pro formas, and provided data analysis for inclusionary housing in-lieu fees.

## RELEVANT EXPERIENCE

- **City of Victorville, General Plan Update (including 6th Cycle Housing Element Update) and Housing Consulting Services.** Project Manager. Dima manages a multi-disciplinary, multi-firm team to provide an update to portions of the City's General Plan, including the 6th Cycle Housing Element Update as well as updates to the Land Use and Safety Elements and the preparation of an Environmental Justice Element. All updates are triggered by the legal requirement for all California cities and counties to update the housing element every 8 years. **The City was one of only six Southern California jurisdictions out of 197 to receive State certification of the Housing Element by the deadline.** Dima oversaw the preparation of the Housing Element directly, including providing guidance on goals, policies, and programs. He also led the preparation of a fiscal and economic impact analysis projecting revenues, expenditures, and economic impacts based on expected buildout in 2040 according to the Land Use Element's land use plan.
- **San Diego Association of Governments and City of Carlsbad, Fiscal/Economic Impact Study.** Project Manager. The San Diego Association of Governments and City of Carlsbad wanted to know the fiscal and economic impacts of trenching a railroad through the City's downtown to compare the benefits of trenching to the costs. Dima coordinated project communication and led the analysis of fiscal and economic impacts for three different alternatives involving the addition of a second railroad track and potential trenching of the tracks through a portion of Carlsbad. The analysis used a difference in differences model measuring the relevant metrics around different nearby train stations. **Dima recommended adding the measurement of the value of lives saved to make sure that the analysis comprehensively incorporated all benefits.**
- **City of Santa Ana, Economic Development Strategy.** Senior Analyst. While working at a prior firm, Dima led the real estate market study to identify metrics and trends in different areas within the City of Santa Ana. Findings from the market study confirmed certain expectations and added nuance to others. The findings were presented during community outreach meetings and were used to inform recommendations for the City's economic development strategy. Dima also helped with preparing the SWOT analysis and local community presentations; gathering and analyzing demographic, socio-economic, business, and real estate data; and the formation of policy recommendations.
- **City of Walnut Creek, Housing and Safety Elements and CEQA Review.** Co-Project Manager. In close collaboration with the City of Walnut Creek, Harris prepared the required 6th Cycle Housing Element update and required Safety Element update in accordance with State law. Harris is also preparing an MND for the Safety Element and either an MND or Statutory Exemption for the HEU. Dima has jointly managed the project, including preparing and updating the schedule, coordinating the project team, and communicating with the client. Dima organized the community outreach process that included two surveys, two public workshops, and three stakeholder meetings. **He led the preparation of the site inventory to demonstrate the City's capacity to satisfy the Regional Housing Needs Assessment requirements, despite very limited developable land in the City.** He also contributed to the preparation of the other Housing Element sections, including the goals, policies, and programs.



Dima utilizes his public- and private-sector experiences to guide clients efficiently and effectively—through affordable housing development, housing policy and planning updates, and financial analysis. Through his expertise and analysis, Dima helps clients to stretch local dollars further and to attract State and other funding by identifying best practices and evaluating alternatives.

## EDUCATION

MA, Planning

BA, Urban Studies and Political Science

## AFFILIATIONS

Member, American Planning Association (APA)

Member, Southern California Association of Nonprofit Housing (SCANPH)

# Christine (Christy) Cooper

## SENIOR CONSULTANT

Christy has more than thirty years of experience working in, analyzing, and characterizing the water industry and its myriad technologies and practice areas. She led the strategic planning function for a \$1 billion water engineering business. She has also prepared Urban Water Management Plans and related Water Supply Assessments. Her background combined with a client-centric approach help make sure that cities receive clear, concise reports that meet their regulatory and development needs, now and well into the future. She currently serves her community as a board member of the Meiners Oaks Water District.

## RELEVANT EXPERIENCE

- **City of Watsonville, *Water Supply Assessment (WSA)*.** Project Manager. The City's Downtown Watsonville Specific Plan (DWSP) is a mixed-use plan that includes more than 500 dwelling units; as such, the City determined that it is a project subject to CEQA and hired Harris to perform the required WSA. Christy had previously written the City's 2020 Urban Water Management Plan (UWMP). Harris utilized assumptions in the DWSP and the UWMP to develop new estimates of normal, single dry, and multiple dry water years over the required 20-year project period. **In these scenarios, Watsonville's water supply was deemed sufficient to support the additional demand associated with the DWSP provided that the City continues to proactively protect and augment water supply and manage water demand through the City's demand management measures and its Water Shortage Contingency Plan.**
- **City of Watsonville, *FEMA Hazard Mitigation Grant Program*.** Senior Consultant. The City of Huntington Beach had successfully applied for an HMGP grant in 2019, but when the construction bids came back in 2022, the 30% increase in costs drove the project's Benefit-Cost Analysis (BCA) below FEMA's required level of  $\geq 1$ . The City's engineer that prepared the original BCA had retired. Christy revised the original BCA assumptions with updated building/content damages, displacement costs, social costs, post-mitigation costs, etc. The revised package included 48 reports, documents, letters, and spreadsheets to support the assumptions in the Benefit Cost Analysis. **The new BCA of 3.73 supported a grant award of \$6.6 million for the City's Heil Avenue Stormwater Rehabilitation Project.**
- **City of Watsonville, *2020 Urban Water Management Plan Update and 2021 Water Shortage Contingency Plan*.** Project Manager. Working closely with City Water staff, Christy wrote the 2020 UWMP Update to meet new State requirements. The project included analysis and characterization of water supply and demand, 25-year water resiliency projections including normal, single-dry year and five-consecutive-year drought scenarios, water demand management measures, energy intensity, SB X7-7 reporting, water losses/non-revenue water, energy intensity, and more. The project included working with Pajaro Valley Water Management Agency to clarify historical impacts of droughts and basin management approaches, as well as current and future plans for reuse in the groundwater basin, which is one of eleven critically overdrafted basins in the State. It also included drafting a new Water Shortage Contingency Plan for the City.
- **City of Soledad, *2020 Urban Water Management Plan and 2021 Water Shortage Contingency Plan*.** Project Manager. Christy led development of the City's 2020 UWMP. She worked closely with City staff to understand detailed development plans by location, and utilized this information to prepare a 25-year growth and water demand analysis. This formed the basis for housing, population, and water demand projections. The project included 25-year water resiliency projections including normal, one-dry year, and five-consecutive-year drought scenarios, water demand management measures, energy intensity analysis, SB X7-7 reporting, water loss projections, etc. Harris also coordinated with DWR, Monterey County Water Resources Agency, Monterey County Planning Department, and others as necessary to complete the UWMP.



Her strong finance and water industry background provide valuable perspectives to consulting projects that require innovative approaches based on sound financial principles.

## EDUCATION

MBA, Business Administration  
BA, Economics



# Emily Mastrelli

## PRINCIPAL BIOLOGIST/SENIOR PROJECT MANAGER

Emily is a wildlife biologist with 15 seasons of field experience, over two years of experience with regulatory permitting, and four years of experience as a project manager and coordinator. Specializing in ornithology and desert tortoises, Emily's other project work includes venomous and non-venomous snakes, butterflies, vernal pool branchiopods and small mammals. She has previously been an authorized desert tortoise biologist with extensive handling experience. She is also experienced with bird banding and is permitted as a Master Bander by the Bird Banding Laboratory. Emily has had several years of experience with threatened and endangered species including California least tern, vernal pool branchiopods, California gnatcatcher, southwestern willow flycatcher, least Bell's vireo, western snowy plover, and Quino checkerspot butterfly.

## RELEVANT EXPERIENCE

- **City of Victorville, *General Plan Update Program EIR*.** Senior Biologist. The Harris team is currently in progress of completing a Housing Element, Land Use Element, and Environmental Justice and Safety Element update to be included in the City's 2021-2029 General Plan Update, as well as a comprehensive EA to accompany the updates. Emily will be providing senior biological review for this project. The Harris team completed a habitat evaluation of the entire City of Victorville and its Sphere of Influence Area, identifying habitat corridors and the most sensitive areas to avoid when planning for future development. **The City was one of only six Southern California jurisdictions out of 197 to receive State certification of the Housing Element by the deadline.**
- **City of San Diego, *De Anza Natural Amendment to the Mission Bay Park Master Plan PEIR*.** Lead Biologist. Harris is updating the 2019 Screencheck Draft Program Environmental Impact Report (PEIR) for the De Anza Natural Amendment to the Mission Bay Park Master Plan. Emily provided biological resources surveys and provided senior guidance and review on the Biological Resources Technical Report. **A previous similar project had been proposed for the site, and the previous analysis was incorporated to the extent feasible to reduce preparation time and cost.**
- **City of San Diego, *Coastal Resilience Master Plan and Program EIR*.** Lead Biologist. Harris is assisting the City in the development of the Coastal Resilience Master Plan and Program EIR to implement Climate Resilient San Diego. The team will evaluate nine locations for nature-based solutions and will then narrow the scope down to the six most suitable locations. Emily will be providing the City with biological resources surveys, aquatic resources delineations, and technical reports. **The Plan and Program EIR will implement the policies in the City's Climate Resilient San Diego Plan to inform development of nature-based coastal resilience projects to build resilience to the impacts of sea level rise and enhance and protect the biological diversity of the City's coastline.**
- **University of California San Diego, *2019 Hillcrest Campus Long Range Development Plan EIR*.** Lead Biologist. Harris worked with UC San Diego staff to prepare an EIR addressing the 2019 Hillcrest Campus Long Range Development Plan (LRDP) update, which proposes to redevelop approximately 34 acres of the 62-acre campus. Emily is leading a team of biologists providing protocol California gnatcatcher surveys, nesting bird surveys, nest and construction monitoring, aquatic resources delineations, and resource agency permitting and coordination. **Emily is also providing environmental compliance expertise and project management services. Harris worked closely with the planning consultant to develop LRDP policies (i.e. principles) that will self-mitigate environmental impacts to the extent feasible.**



Emily has provided construction monitoring since 2011 and has written various technical documents.

## EDUCATION

BA, Biology

## CERTIFICATIONS

Endangered Species Recovery Permit 10(a)1(A), USFW

BBL Master Federal Bird Banding Permit, USGS

Scientific Collecting Permit (SCP), CDFW

# Fidel Salamanca, PE

## PROJECT MANAGER

Fidel has considerable experience analyzing urban storm water systems, open channels, environmental hydraulics, pumps, reservoirs, and large watersheds. Fidel has developed Storm Drain Master Plans for many cities and counties in California. He has also been involved in water quality-related projects and assisted with trash capture feasibility studies. Fidel has conducted several third-party reviews to confirm NPDES compliance and has valuable experience preparing hydraulic analyses and designing storm water networks, open channels, culverts, and storm water and sanitary sewer pump stations. Fidel has worked with various hydraulic and hydrologic modeling software for the assessment and design of storm drainage systems including EPA SWMM5, MIKE URBAN, MIKE 21, BAHM, and HAMMER. He is also experienced with watershed analysis and open channel design using HEC-RAS, geo-RAS, HEC-HMS, geo-HMS, and HEC-1.

## RELEVANT EXPERIENCE

- **City of San Diego, Barret Camp Road Repair and Emergency Storm Drain Project.** Technical Lead. This project included the emergency repair of Barrett Camp Road in San Diego and a redesign of the drainage culvert conveying runoff below the roadway. For the culvert design, the drainage area was delineated in GIS and modeled in HEC-HMS following the local methodology to determine the design flow rates. With the design flowrates from HEC-HMS, the channel was modeled in HEC-RAS to size the drainage culverts and HY-8 was utilized for confirming the HEC-RAS results. Different proposed culvert geometries were presented to the City to allow the City to select the option that best aligned with their needs. The design process also included the design of the culvert headwalls and cutoff walls as well as the riprap for protecting the channel. The site had extreme elevation differences and steep slopes requiring careful consideration for channel protection to prevent scour and erosion of the channel and damage to the proposed culvert.
- **City of El Cerrito, Storm Drain Master Plan and Asset Management Plan.** Project Manager. Fidel developed a citywide storm drain hydraulic model using local county methodologies and available City storm drain maps. Recommended improvements were developed based on hydraulic deficiencies and CCTV data collected as part of the project. Green infrastructure projects provided by the City were also used to rank projects higher based on which provided a dual benefit. An asset management study was included to provide recommendations on available asset management programs that the City could utilize to implement the storm drain asset management. A funding strategy was also developed as part of the project to outline available funding measures. Fidel was responsible for managing and executing the project and led the technical effort to perform the hydraulic and hydrologic analyses. As part of the project, the Harris team performed a condition assessment for large storm drain culverts 36 inches and larger that identified culverts and storm drain structures in disrepair. **These actions showcased to the City the need for urgent storm drain improvements that would help prevent further damage to existing infrastructure.**
- **City of Orinda, Storm Drain Master Plan.** Project Engineer. Fidel developed a citywide storm drain hydraulic model using local county methodologies and available City storm drain maps. All corrugated metal pipe (CMP) pipes 36 inches and larger were assessed by NAASCO-certified engineers to develop a condition rating. Fidel developed a Capital Improvement Program with ranked projects for the recommended improvements, developed based on hydraulic deficiencies and field data collection. Project cut sheets were developed for the highest ranked projects. **Several of the identified CIPs have been implemented, and Fidel has been involved with the detailed design to check if the proposed design will meet the design flow criteria.**



Fidel is well versed in a variety of stormwater projects. His experience provides a valuable asset for any hydrologic or hydraulic analysis, stormwater planning study, or stormwater infrastructure design project.

## EDUCATION

BS, Civil Engineering

## REGISTRATIONS

Professional Civil Engineer, CA  
#84851

## TIM ERNEY, AICP, PTP, CTP | SENIOR PRINCIPAL



Tim Erney is a certified transportation planner with extensive experience on planning and engineering projects in California. His primary focus has been on managing analyses and documentation for environmental review projects, access and circulation studies, sustainable transportation practices, TDM measures, parking evaluations, pedestrian and bicycle reviews, and data collection programs. In addition, he has done detailed technical analyses of local and regional roadway facilities, including traffic forecasting, modal split analyses, traffic diversion, and operational analyses. He has experience coordinating with local and regional transportation and environmental agencies in Southern California and has been leading the firm's efforts on the evaluation of emerging technologies, alternative evaluation metrics, and the impacts of new mobility services on land use and circulation networks.

### EDUCATION

- MS/MCP, Transportation Engineering & Planning, University of California, Berkeley
- BS, Mechanical Engineering, Boston University

### YEARS OF EXPERIENCE

23

### LICENSES/CERTIFICATIONS

- American Institute of Certified Planners
- Certified Transportation Planner
- Professional Transportation Planner

### AFFILIATIONS

- American Planning Association (APA), Member
- Institute of Transportation Engineers (ITE), Member

### PROJECT EXPERIENCE

**Active Transportation Planning.** Tim has served as project principal for active transportation planning projects throughout Southern California. He has provided direction of the planning, design and evaluation of active transportation corridors, active transportation plans, data collection programs, and forecasting. Through these efforts, Tim has promoted the need for a balanced approach for all user groups and to ensure safe, convenient and cost-effective mobility options that support the adjacent land uses and urban form.

**Travel Demand Management.** Tim has been responsible for developing implementable and defensible travel demand management (TDM) programs. Primarily, these include the evaluation of the best TDM elements to achieve the goals of the project, supported by data and research developed on a national basis. In addition to the adoption of standard TDM measures, such as active transportation facilities and parking management, Tim routinely works with developers to adjust land use programs to better internalize trips and to right-size parking to facilitate shared parking opportunities.

**Environmental Impact Reports.** Tim has led the preparation of stand-alone transportation impact studies and transportation/circulation sections of EIRs and EISs to support CEQA and NEPA processes. These projects have included full range of project types, from individual development projects, to updated citywide plans, to significant infrastructure projects. Tim has managed the technical analysis for all modes of travel, including qualitative and quantitative assessments of traffic, transit, pedestrian, bicyclist, loading, construction, and emergency vehicle conditions. In addition, these projects have also included the development of specialized trip generation rates and use of regional travel demand models to project future traffic volumes.

**Alternative Performance Metrics.** Tim has been working to identify and develop alternative metrics to Level of Service (LOS) in the evaluation of land use and transportation projects; this includes the identification on how cities and counties need to modify their current programs and policies to account for these changes. As part of these efforts, Tim has been in consultation with the state's Office of Planning and Research (OPR) and participated in several conferences and panel discussions on the effects of vehicle-miles traveled calculations and metrics may affect city programs and transportation analysis guidelines.

**City of Lake Forest General Plan Update and Environmental Impact Report; Lake Forest, CA.** Tim managed the evaluation of the build-out of the City's land use program, which included the determination of potential effects to the circulation network throughout the city. Specialized assessments were conducted to identify the anticipated impact emerging transportation technologies (such as transportation-networking companies and connected/automated vehicles) will have on the roadway networks, including the potential to reduce citywide vehicle-miles travelled.

**City of Anaheim Circulation Element Upgrade, On-Call Transportation Engineering/Planning Services; Anaheim, CA.** Tim is the project manager for an on-call transportation planning and traffic engineering services contract with the City of Anaheim Public Works Department. Tim is managing the preparation of an update to the Circulation Element of the General Plan. This will include new goals, policies and infrastructure projects to support anticipated new development across the city, including specific approaches to address multimodal travel, active transportation, transit, and shared-mobility services.

**City of La Verne General Plan Update and EIR; La Verne, CA.** Tim is leading the assessment of the evaluation of an update to the General Plan for the City of La Verne. Kittelson is developing travel demand estimates, using the SCAG travel demand model, for multiple land use alternatives. The project team is proposing adjustments to the circulation network and parking regulations to accommodate the future Metro Gold Line Station within the City and to include a new Active Transportation Plan. Tim is also helping the City address the proposed SB743 changes to intersection analysis under CEQA.

**City of San Jacinto General Plan Update EIR; San Jacinto, CA.** Tim was project principal to support the City of San Jacinto General Plan Update and EIR, including traffic, mobility, multimodal components. In this role, he provided high level of guidance and quality control.

**City of San Marcos General Plan Update and EIR; San Marcos, CA.** Kittelson is developing the updated mobility element for the City of San Marcos General Plan Update. As part of the General Plan Update effort, Tim is leading the multiple efforts taking place as part of this project, including the development of the mobility element and its analysis as part of the EIR, as well as the City's determination of appropriate SB 743 analysis criteria and guidelines.

**City of La Mesa General Plan Update and EIR; La Mesa, CA.** Tim led the transportation evaluation of the proposed update to the General Plan for the City of La Mesa. The Kittelson project team developed existing conditions for all modes of travel and estimated future roadway volumes using the SANDAG model. The team also identified transportation network impacts and proposed mitigation measures to address intersection and roadway conditions.

**City of Glendale Land Use and Circulation Element Update/Transportation Impact Fee/SB 743; Glendale, CA.** Kittelson is currently developing an updated circulation element for the City of Glendale and updating its citywide travel demand model. As part of this effort, Kittelson is preparing a VMT estimating tool for the City and developing its updated SB 743-compliant transportation impact study guidelines. Tim is leading coordination efforts with the City as its future land use plan, future circulation plan, SB 743 guidelines, travel demand model, and VMT estimating tools are being developed to ensure consistency between these multiple overlapping efforts.

**City of La Verne Active Transportation Plan; La Verne, CA.** Tim was the project principal for the development of the first Active Transportation Plan for the City of La Verne. Kittelson identified existing bicycle and pedestrian travel patterns and conflict points and conducted outreach to identify key destinations and constraints from the public. The project team proposed new bicycle routes, enhanced bicycle facilities, and improvement pedestrian facilities to encourage additional walking and biking citywide. Kittelson also coordinated policies and objectives with the ongoing General Plan Amendment.

**Orange County Transportation Authority (OCTA) SB 743 Support; Orange County, CA.** Tim assisted the Orange County Transportation Authority (OCTA) in identifying the recommended approach to implement Senate Bill 743 (SB743) throughout the County. He led the assessment of options for calculating vehicle-miles traveled (VMT) and developed map-based screening tools to illustrate VMT per capita and per employee for each city and TAZ. Tim worked with OCTA staff to modify the existing Congestion Management Program and traffic analysis guidelines to incorporate VMT into the analysis process.



# FERNANDO SOTELO, PE, PTP | PRINCIPAL ENGINEER



Fernando Sotelo is a registered professional traffic engineer in California with a master's degree in transportation engineering. Fernando Sotelo has extensive experience in CEQA and the technical aspects of transportation planning, including travel demand forecasting, traffic impact analyses, and parking demand studies. Fernando has been involved with assisting cities with conducting transportation analyses for general plans and specific plans. He also led programs to implement VMT metrics to comply with SB 743. These efforts include reviewing strategies to identify reductions to the use of single occupancy automobile use, promote the use of TDM measures to reduce VMT from land use projects, and identify potential VMT reduction programs. His professional experience with traffic and parking analyses also include transportation analyses for several land development projects such as schools, warehousing, mixed use, commercial, and recreation projects in southern and northern California. He focuses particular attention on issues such as vehicular circulation, site access, queuing, and pedestrian routes to school and safety. Fernando understands the complexities of transportation planning and has prepared transportation sections for EIRs for major projects such as general plan updates and specific plans.

## EDUCATION

- MS, Civil Engineering (Transportation), University of Southern California
- BS, Naval Engineering, University of Sao Paulo, Brazil

## YEARS OF EXPERIENCE

22

## REGISTRATION

Professional Traffic Engineer:  
CA # TR 2770

## AFFILIATIONS

- Institute of Transportation Engineers
- Orange County Traffic Engineers Council

## PROJECT EXPERIENCE

### **City of Brea Laurel Elementary School Circulation and Parking Study; Brea, CA.**

Fernando served as project principal for the preparation of a traffic circulation and parking study for Laurel Elementary School. In addition to conducting the study, Fernando led stakeholder meetings with school staff and parents, the school district, City public works and police to discuss issues and potential solutions. Physical and operational recommendations were prepared to improve parking and traffic within and in the vicinity of the school campus. Several phases of improvements were prepared, ranging from low-cost short-term, to costly long-term reconfigurations.

**City of Montebello General Plan Update, Environmental Impact Report, and Transportation Impact Guidelines; Montebello, CA.** Kittelson is developing the updated circulation element for the City of Montebello General Plan Update and their Downtown Specific Plan area. Kittelson is updating the mobility element's goals, policies, and a circulation network to accommodate the City's envisioned land use and circulation buildout. The plan will provide an enhanced network of trails, enhance pedestrian and bicycle mobility and promote a vibrant and walkable downtown area and near rail stations. Fernando is serving as the lead for the technical analyses to review transportation impacts under CEQA.

**City of Indian Wells General Plan Update and Environmental Impact Report; Indian Wells, CA.** Fernando is the project manager for the City of Indian Wells General Plan Update. Kittelson is updating mobility elements for the City of Indian Wells General Plan Update and performing technical analysis in support of the EIR document. The mobility element focuses on expanding the bicycle and NEV network, integrating regional multi-use path connections, and providing complete street policies for residents, workers, and visitors. Fernando led the community workshop to inform the public and seek input for the mobility element update. Fernando manages day-to-day project activities, coordinates with City staff, and supports multiple tasks of this project, including the development of the mobility elements, the SB 743 VMT guidance in traffic impact analysis guidelines, and preparation of the transportation study to support CEQA review.

**City of Lawndale General Plan Update/Hawthorne Boulevard Specific Plan; Lawndale, CA.** Fernando is the Kittelson project manager for the preparation of an updated Circulation/Mobility Plan for the City of Lawndale. This plan addresses existing and future circulation issues, including the proposed extension of the Metro Green Line through the city. As part of this effort, citywide goals and policies were developed to improve active transportation and account for new vehicle-miles traveled (VMT) metrics. In addition, the proposed

rezoning of parcels along Hawthorne Boulevard is being explored to facilitate development of higher density residential uses and mixed-use commercial zones. As LA Metro is planning for a new commuter rail service throughout the area, potential rezoning and enhancements to access and circulation are being explored. Fernando led the preparation of the Transportation studies for CEQA review and is currently preparing the mobility plan for the Hawthorne Boulevard Specific Plan.

**Clovis SB 743 VMT Metrics Implementation; Clovis, CA.** Fernando served as the project manager and technical lead for the City of Clovis VMT metrics implementation project. As project manager, Fernando managed the consultant team, providing direction on technical work and deliverables, conducting quality control checks for analysis and deliverables, and leading communications with the City. The project included establishing metrics, thresholds, screening criteria and a VMT screening and mitigation tool, and the development of transportation impact study guidelines. Fernando has provided several options for the City to implement specific thresholds and screening, considering the city's characteristics within the region. He also assisted the City with outreach efforts in coordination with the building industry association in the Fresno area as a major stakeholder.

**City of Los Banos General Plan Update, Los Banos, CA.** Fernando was Kittelson's project manager and technical lead for the transportation components of the Los Banos General Plan Update. The Kittelson team's tasks have included developing the Circulation Element of the General Plan Update and the corresponding Environmental Impact Report (EIR) prepared for environmental review under the California Environmental Quality Act (CEQA). Kittelson has also provided traffic modeling review and forecasts, roadway segment and VMT analysis, and alternative transportation options. The results of the analysis and transportation recommendations were included in the General Plan Update document.

**Fontana Downtown Core Project; Fontana, CA.** Kittelson developed a circulation plan with substantial modifications to the downtown area and prepared a transportation analysis for proposed Downtown Core Project. Fernando served as the technical lead and project manager. The downtown area includes the Fontana Metrolink Station and City Hall. The Project consists of transit-oriented development and changes to parking and an enhanced bike and pedestrian network to invigorate redevelopment and encourage a mixed-use environment. Kittelson provided conceptual designs to accommodate a substantial amount of traffic, bicycle and pedestrian activity in the area, while considering constraints with the available roadway right of way. Several concepts were considered including roundabouts at key intersections, angled and parallel parking configurations, and several bike and transit facility configurations.

**City of San Mateo General Plan Update and EIR; San Mateo, CA.** Kittelson is developing the updated mobility element for the City of San Mateo General Plan Update. As part of the General Plan Update effort, Fernando served as task leader for the development of SB 743-consistent VMT methodologies and thresholds, an off-model VMT spreadsheet tool, and traffic study guidelines for projects in the City. Fernando led efforts to adopt City-specific metrics, thresholds, and the development of the City's draft guidelines, and develop a tool to assist the City in mitigating VMT impacts of development and transportation projects.

**City of Baldwin Park Downtown Transit Oriented Development (TOD) Specific Plan; Baldwin Park, CA.** Fernando served as the technical lead for the transportation evaluation and parking management plan for a transit-oriented development specific plan in downtown Baldwin Park. To improve access and circulation to the Baldwin Park Metrolink Station, Fernando assessed the potential for modifications to adjacent roadways, including changes to the lane configurations, on-street parking locations, and sidewalks/bicycle facilities. The parking management plan for the specific plan is including several parking management strategies to better utilize the existing parking supply, and to adequately accommodate the future mix of land uses while meeting the objectives of the specific plan. The management plan included strategies such as adopting parking occupancy and turnover targets, incentivizing shared parking for mixed used development areas, unbundled parking and more.

# MICHAEL SAHIMI, AICP | SENIOR PLANNER



Michael is an experienced transportation planner with expertise in traffic operations, environmental analysis, travel demand modeling and forecasting, circulation studies, and parking studies. He is also involved in active transportation and transit planning. Michael works with ArcGIS, Cube, TransCAD, Synchro, and Tranplan transportation software. His work has included coordination with several agencies in Southern California, including the San Bernardino County Transportation Authority and the Orange County Transportation Authority.

## PROJECT EXPERIENCE

**City of Anaheim Circulation Element Update; Anaheim, CA.** Kittelson is preparing an update to the Circulation Element of the General Plan, which will outline the future transportation network, goals, and policies for the City for the next 10 years. For this effort, Kittelson is assessing existing and future conditions, determining how new development potential could affect transportation conditions. From this assessment, Kittelson will identify citywide roadway improvements to minimize congestion. Kittelson is also developing new goals and policies to plan for future mobility services, including shared-ride vehicles, micro-mobility, micro-transit, active transportation, connected/autonomous vehicles, and local transit. As deputy project manager, Michael has coordinated the preparation of public outreach materials and is currently developing multimodal recommendations.

**City of Lake Forest General Plan Update; Lake Forest, CA.** Kittelson conducted a transportation analysis for the Lake Forest, California, General Plan Update and Environmental Impact Report (EIR) document as well as providing input on the General Plan's transportation policies and objectives. Michael's role included examining existing transportation conditions to establish a baseline and understand the City's transportation needs, assisting in incorporating land use alternatives into the City's travel demand model, and preparing a transportation analysis to assess vehicle miles traveled (VMT) and level of service (LOS) conditions for the EIR. Michael also led the effort to prepare mobility-related goals and policies for the General Plan document.

**Santa Ana Citywide Active Transportation Plan; Santa Ana, CA.** Kittelson assisted in the update to the Active Transportation Plan for the City of Santa Ana. The vision of the project was to develop a prioritized list of bikeway network and pedestrian focus areas, analyze costs and alternatives for priority projects, and provide designs that would make it easier to walk and ride a bicycle in the city. Michael led the conceptual design process for four of the ATP's priority projects. Michael worked with Kittelson designers to incorporate both bicycle and pedestrian improvements along roadway segments as well as intersections and interchanges along the corridors, to assist the City in future grant applications. Michael also led the development of cost estimates for the City's priority projects.

**City of Glendale Land Use and Circulation Element Update/Transportation Impact Fee/SB 743; Glendale, CA.** Kittelson is developing an updated circulation element for the City of Glendale and updating its citywide travel demand model. As part of this effort, Kittelson is preparing a VMT estimating tool for the City and developing its updated SB 743-compliant transportation impact study guidelines. Michael is developing the City's off-model VMT estimating tool, which will be used to streamline VMT assessments for new development projects in place of running the full travel demand model. Michael is also researching applicable and effective TDM measures for projects in the City which will be incorporated into the VMT estimating tool.

## EDUCATION

- MURP, Transportation Policy and Planning, University of California, Los Angeles
- BA, Urban Studies, University of California, Irvine
- BA, Criminology, Law, and Society, University of California, Irvine

## YEARS OF EXPERIENCE

8

## CERTIFICATION

- American Institute of Certified Planners

## AFFILIATIONS

- American Planning Association (APA), Member

**City of San Marcos General Plan Update and EIR; San Marcos, CA.** Kittelson is developing the updated mobility element for the City of San Marcos General Plan Update. As part of the General Plan Update effort, Michael will be leading the development of SB 743-consistent VMT methodologies and thresholds, an off-model VMT spreadsheet tool, and traffic study guidelines for projects in the City. Michael will be working with the City to determine whether the City should adopt OPR or San Diego Association of Governments (SANDAG) recommendations or adopt City-specific metrics, thresholds, and criteria. In addition, Michael will be researching the effectiveness of various TDM measures to implement in San Marcos to mitigate VMT impacts of development and transportation projects.

**City of La Verne General Plan Update and Environmental Impact Report; La Verne, CA.** Kittelson developed the circulation and mobility sections of the General Plan Update for the City, including mobility-related policies and objectives with respect to automobile, active transportation, transit and freight circulation, and on- and off-street parking. Michael helped to develop the Plan Update and Environmental Impact Report (EIR) for this project, and his role included examining existing transportation conditions to establish a baseline and understand the City's transportation needs, developing the Mobility Element, and assessing the General Plan Update's transportation impacts for the EIR. Michael also assisted with gathering and analyzing existing conditions data.

**San Bernardino County General Plan Update and EIR; San Bernardino County, CA.** Michael assisted with the update to the General Plan for the County of San Bernardino, the largest county in the nation. His role included researching existing conditions in the County's unincorporated communities to establish a baseline for the update, and preparing a memo discussing future improvements, opportunities, and constraints at the county level. Michael coordinated modeling efforts for the project and tested various land use scenarios for the County. This involved numerous socioeconomic data modifications and full model runs of SBTAM through TransCAD to assess the potential implications of different land use growth patterns. Michael also led traffic data collection efforts across the county in support of the EIR. As part of this effort, Michael also prepared a guidance memorandum for the County to incorporate Senate Bill 743 (SB 743) and vehicle miles traveled (VMT) into their transportation impact analysis guidelines.

**City of Hayward Downtown Specific Plan; Hayward, CA.** Kittelson provided transportation analysis support to the City for its new Downtown Specific Plan. This plan replaces six different, overlapping planning and zoning documents adopted between 1987 and 2002. Michael was the lead analyst for the traffic study, conducting an impact analysis on study area intersections and other transportation facilities to be mitigated. This traffic analysis was documented in the form of a transportation impact study which was incorporated into the full EIR.



# De Novo Planning Group

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