



AGENDA

REGULAR MEETING CYPRESS CITY COUNCIL

February 10, 2025

5:00 P.M. - Workshop

6:00 P.M. - General Session

www.cypressca.org

**5275 Orange Avenue
Cypress, California**

Interested in speaking to the City Council? Information about participating in the City Council meeting appears at the end of the agenda.

CALL TO ORDER

5:00 P.M.

Executive Board Room

ROLL CALL

Cypress City Council, also acting as the Ex-Officio Governing Board of Directors of the Cypress Recreation and Park District

Mayor David Burke

Mayor Pro Tem Leo Medrano

Council Member Kyle Chang

Council Member Scott Minikus

Council Member Bonnie Peat

ORAL COMMUNICATIONS ON CLOSED SESSION / WORKSHOP ITEMS (Limited to 30 minutes - three minutes per speaker. The City Council may adjust the time allotted per speaker.)

The public may address the City Council on Closed Session/Workshop items prior to any action taken. Although Council Members may provide brief responses, the City Council may not engage in a discussion with members of the public during the meeting. Please complete a Speaker's Card to address the City Council in-person. Members of the public are encouraged to communicate with the City Council via email at adm@cypressca.org or by calling 714-229-6699.

WORKSHOP SESSION

Dialogue with Cypress Community Festival Association

RECONVENE

6:00 P.M.

Council Chambers

ROLL CALL

Cypress City Council, also acting as the Ex-Officio Governing Board of Directors of the Cypress Recreation and Park District

Mayor David Burke
Mayor Pro Tem Leo Medrano
Council Member Kyle Chang
Council Member Scott Minikus
Council Member Bonnie Peat

INVOCATION King of the Nations Church

PLEDGE OF ALLEGIANCE

REPORT OF CLOSED SESSION / WORKSHOP

City Manager/City Attorney

PRESENTATIONS

- Veteran Recognition Presentation
- Recognition of Cypress Level Up! Digital Marketing Program Graduates

ORAL COMMUNICATIONS ON AGENDA ITEMS (Three minutes per speaker. The City Council may adjust the time allotted per speaker.)

The public may address the City Council on agenda items prior to any action taken. Although Council Members may provide brief responses, the City Council may not engage in a discussion with members of the public during the meeting. Please complete a Speaker's Card to address the City Council in-person. Please follow the instructions at the end of the agenda and wait for the Mayor/City Clerk to call on you to address the City Council virtually. Speakers providing in-person comments will be called first. Members of the public are encouraged to communicate with the City Council via email at adm@cypressca.org or by calling 714-229-6699.

CONSENT CALENDAR

All matters listed on the Consent Calendar are to be approved with one motion unless a Council Member requests separate action on a specific item. Council Members voting no or abstaining on a Consent Calendar item may do so without removing the item from the Consent Calendar.

1. Approve Minutes - Meetings of December 9, 2024 and January 13, 2025

Prepared by: Alisha Farnell, City Clerk

Recommendation: Approve as submitted.

2. Introduce and/or Adopt All Ordinances and Resolutions Presented for Consideration by Title Only and to Waive Further Reading

3. Receive and File the Fiscal Year 2024-25 Mid-Year Budget Report and Approve Budget Adjustments

Prepared by: Matt Burton, Director of Finance and Administrative Services

Recommendation:

1. Receive and file the FY 2024-25 Mid-Year Budget Report; and
2. Approve mid-year Budget adjustments:
 - City
 - a. Increase appropriations in the General Fund by \$50,900
 - b. Increase appropriations in the Capital Project Fund by \$43,500
 - c. Increase appropriations in the Central Services Fund by \$20,800
 - d. Transfer \$1,500,000 from the General Fund to the Infrastructure Fund
 - e. Transfer \$1,500,000 from the General Fund to the Employee Benefits Fund for Pension Trust Investment
 - f. Approve the receipt of \$616,580 from the Park District as partial payment on the outstanding Repayment Agreement and Promissory Note for the construction of Lexington Park

Recreation and Park District

- g. Increase appropriations in the General Fund by \$44,200
- h. Increase appropriations in the Central Services Fund by \$15,000
- i. Transfer \$15,000 from the General Fund to the Central Services Fund
- j. Transfer \$616,580 from the Park Development Fund to the General Fund
- k. Approve a \$616,580 payment to the City's Infrastructure fund to apply against the outstanding Repayment Agreement and Promissory Note for the construction of Lexington Park.

4. Adopt the FY 2025-26 Budget Calendar

Prepared by: Matt Burton, Director of Finance and Administrative Services

Recommendation: Adopt the Fiscal Year 2025-26 budget calendar.

5. Approve an Agreement with Townsend Public Affairs for Myra Avenue Pump Station No. 1 Grant Opportunities

Prepared by: Nick Mangkalakiri, Acting Director of Public Works

Recommendation:

1. Approve a Contract Services Agreement with Townsend Public Affairs to explore funding opportunities related to Myra Avenue Pump Station No. 1, in an amount not to exceed \$20,000; and
2. Appropriate \$20,000 in the General Fund.

6. Approve the Dedication Plaque for Arnold Cypress Park

Prepared by: Nick Mangkalakiri, Acting Director of Public Works

Recommendation: Approve the dedication plaque for Arnold Cypress Park.

7. Approve Plans and Specifications and Award Contracts for Sewer System Improvements, Project 385

Prepared by: Nick Mangkalakiri, Acting Director of Public Works

Recommendation:

1. Approve Plans and Specifications for Sewer System Improvements, Project 385; and
2. Award a contract to Sancon Technologies Inc. for \$244,460, and authorize a contingency of \$36,700; and
3. Approve a Task Order for Construction Management and Inspection Services to FCG Consultants Inc., for \$33,211.52 and authorize a contingency of \$5,000; and
4. Appropriate \$193,578 in the Sewer Fund for the Sewer System Improvements, Project 385.

8. Approve an Agreement for Alarm Permit and False Alarm Management Services

Prepared by: Mark Lauderback, Chief of Police

Recommendation: Approve a contract to Alarm Program Systems, LLC for Alarm Permit and False Alarm Management Services.

NEW BUSINESS

None.

ITEMS REMOVED FROM CONSENT CALENDAR

ORAL COMMUNICATIONS (Three minutes per speaker. The City Council may adjust the time allotted per speaker.)

The public may address the City Council on any item within the subject matter jurisdiction of the City Council. Although Council Members may provide brief responses, the City Council may not discuss nor take action on items that are not on the agenda. Please complete a Speaker's Card to address the City Council in-person. Members of the public are encouraged to communicate with the City Council via email at adm@cypressca.org or by calling 714-229-6699.

COUNCIL MEMBER REPORTS FROM CITY-AFFILIATED BOARDS AND COMMITTEES AND REMARKS

COUNCIL MEMBER ITEMS FOR FUTURE CONSIDERATION

CITY MANAGER REMARKS

ADJOURNMENT

The next meeting will be an adjourned Regular Meeting, to be held on Monday, February 24, 2025, beginning at 5:30 p.m. in the Executive Board Room.

Council Members and the public should promptly exit the Council Chambers and proceed through the Civic Center to the parking lot.

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted on the City Hall bulletin board and City website not less than 72 hours prior to the meeting. Dated this 6th day of February, 2025.

Alisha Farnell, City Clerk

PUBLIC PARTICIPATION

Members of the public can participate in the City Council meeting in the following ways:

1. Attend In-Person. First-come, first-served seating is available. All attendees must be free of any symptoms associated with contagious illnesses.
2. Attend Virtually via Webinar. Follow this link: <https://attendee.gotowebinar.com/register/7146712775953873248>. Advanced registration is recommended.

The public may address the City Council virtually during Oral Communications on Agenda Items and Public Hearings. Virtual participants must click the 'hand raise' button prior to the end of the first in-person speaker to indicate they wish to address the City Council. Upon clicking the 'hand raise' button, please unmute your microphone and wait for the Mayor/City Clerk to call on you.



= Hand Raise



= Unmute

3. Submit Public Comments Prior to the Meeting. The public may submit comments via email to cityclerk@cypressca.org. Comments submitted by 3:00 p.m. on the day of the meeting will be added to the meeting record.
4. Watch the Meeting. The City Council meeting can be viewed on Spectrum Cable Channel 36 or on the City's website at www.cypressca.org/watchlive.
5. Listen to the Meeting. Listen-only teleconferencing is available by calling (562) 247-8422 and entering Access Code 818-113-841. No registration or audio pin is necessary.

INVOCATION POLICY

The City Council does not endorse the content of the invocation and does not endorse the invitational speaker's particular faith, belief and/or religious denomination. The City Council has an established neutral policy for selecting and scheduling invitational speakers. The City Council's policy on invocations is available from the City Clerk.

AMERICANS WITH DISABILITIES ACT

In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, you should contact the City Clerk at (714) 229-6685 at least 72 hours prior to the meeting to enable the City to make reasonable arrangements to assure accessibility to this meeting.



CITY OF CYPRESS
CITY COUNCIL REPORT

City Council Regular

1.

FROM: Alisha Farnell, City Clerk

DATE: 02/10/2025

SUBJECT: Approve Minutes - Meetings of December 9, 2024 and January 13, 2025

RECOMMENDATION

Approve as submitted.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

December 9, 2024 Regular Meeting Minutes

January 13, 2025 Regular Meeting Minutes

REGULAR MEETING
CYPRESS CITY COUNCIL
DECEMBER 9, 2024
5:30 PM – Closed Session
6:00 P.M. – General Session

A regular meeting of the Cypress City Council was called to order at 5:30 p.m. by Mayor Minikus in the Executive Board Room, 5275 Orange Avenue, Cypress, California.

ROLL CALL

Cypress City Council, also acting as the Ex-Officio Governing Board of Directors of the Cypress Recreation and Park District

Mayor Scott Minikus
Mayor Pro Tem Bonnie Peat
Council Member David Burke
Council Member Anne Mallari
Council Member Frances Marquez – Absent

STAFF PRESENT

City Manager Peter Grant
City Attorney Fred Galante
City Clerk Alisha Farnell

ORAL COMMUNICATIONS ON CLOSED SESSION / WORKSHOP ITEMS

None.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)

Frances Marquez v. City of Cypress, Scott Minikus, Bonnie Peat, Anne Mallari, Peter Grant

Case No. 8:24-cv-1835-ODW-JDE

United States District Court, Central District of California, Western Division

Mayor Minikus recessed the meeting at 5:31 p.m.

RECONVENE

Mayor Minikus reconvened the meeting at 6:06 p.m.

ROLL CALL

Mayor Scott Minikus
Mayor Pro Tem Bonnie Peat
Council Member David Burke
Council Member Anne Mallari
Council Member Frances Marquez – Absent

STAFF PRESENT

City Manager Peter Grant
City Attorney Fred Galante
Director of Finance and Administrative Services Matt Burton
Director of Recreation and Community Services Jeff Draper
Chief of Police Mark Lauderback
Planning Director Alicia Velasco
Acting Director of Public Works Nick Mangkalakiri
City Clerk Alisha Farnell
Deputy City Clerk Christina Dizol

INVOCATION Mike McKay, Cypress Neighborhood Church, led the Invocation.

PLEDGE OF ALLEGIANCE Council Member Anne Mallari led the Pledge of Allegiance.

REPORT OF CLOSED SESSION / WORKSHOP

The City Attorney reported that the City Council met in Closed Session regarding the item listed on the agenda, namely conference with Legal Counsel – Existing Litigation, the matter of Frances Marquez v. City of Cypress, Scott Minikus, Bonnie Peat, Anne Mallari, and Peter Grant. He stated the City Council received a briefing and by motion by Mayor Minikus, and seconded by Mayor Pro Tem Peat, and carried 4-0-1, the City Council voted to create an ad hoc subcommittee comprised of Mayor Minikus and Mayor Pro Tem Peat to advise on the handling of the lawsuit.

ORAL COMMUNICATIONS ON AGENDA ITEMS

Ed Kraemer, Cypress, spoke regarding Agenda Items No. 2, 4, 6 and 8.

Paul Kokkinos, Cypress, spoke regarding Agenda Items No. 8 and 9.

Wanda Youngsma, Cypress, spoke regarding Agenda Items No. 7 and 8.

Bob Youngsma, Cypress, spoke regarding Agenda Item No. 8.

Nick Jam, spoke regarding Agenda Item No. 9.

Tim Vink, spoke regarding Agenda Item No. 9.

Patricia Boggs, Cypress spoke regarding Agenda Item No. 9.

Megan Martinez-King, Cypress, spoke regarding Agenda Item No. 9.

Glenn Button, Cypress, spoke regarding Agenda Item No. 9.

CONSENT CALENDAR

All matters listed on the Consent Calendar are to be approved with one motion unless a Council Member requests separate action on a specific item.

A motion was made by Council Member Mallari, seconded by Mayor Pro Tem Peat, to approve Consent Calendar items No. 1 through 5.

Council Member Burke asked questions regarding Agenda Item No. 5.

The City Attorney read the title of the Ordinance regarding purchasing thresholds.

The motion was carried by the following roll call vote:

AYES: 4 COUNCIL MEMBERS: Burke, Mallari, Peat and Minikus

NOES: 0 COUNCIL MEMBERS: None

ABSENT: 1 COUNCIL MEMBERS: Marquez

Item No. 1: Introduce and/or Adopt All Ordinances and Resolutions Presented for Consideration by Title Only and to Waive Further Reading

Item No. 2: Second Reading of Ordinance Amending the McDonnell Center Specific Plan for 5665 Plaza Drive

Recommendation: Approve the second reading and adopt an Ordinance, by title only and waive further reading, amending the McDonnell Center Specific Plan to remove the maximum square footage requirement and permit light industrial uses in the eastern portion of Planning Area 1 at 5665 Plaza Drive.

ORDINANCE NO. 1211

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CYPRESS,
CALIFORNIA, ADOPTING AMENDMENTS TO CHAPTERS I
(SUMMARY), III (DEVELOPMENT PLAN), V (DEVELOPMENT
REGULATIONS), AND VI (IMPLEMENTATION) OF THE MCDONNELL
CENTER SPECIFIC PLAN TO REMOVE THE MAXIMUM PERMITTED
SQUARE FOOTAGE REQUIREMENT AND ALLOW
INDUSTRIAL/WAREHOUSING USES IN THE EASTERN PORTION OF
PLANNING AREA 1

Item No. 3: Second Reading and Adoption of an Ordinance Amending Purchasing Thresholds

Recommendation: Approve the second reading and adopt an Ordinance, by title only and waive further reading, amending Section 21A of the Municipal Code authorizing changes in purchasing bid procedures and contract award thresholds.

ORDINANCE NO. 1212

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CYPRESS,
CALIFORNIA, AMENDING SECTION 21A OF THE CYPRESS
MUNICIPAL CODE ESTABLISHING UPDATED PURCHASING
AUTHORITY LIMITS FOR CITY PERSONNEL

Item No. 4: Approve Final Parcel Map No. 2023-134 for 4321 Cerritos Avenue

Recommendation: Approve Final Parcel Map No. 2023-134 and the Subdivision Improvement Agreement.

Item No. 5: Approve a Six Month Extension of Contract Building Inspection and Plan Check Services

Recommendation:

1. Approve a six-month extension to the agreement with Charles Abbott Associates, Inc. for building inspection and plan check services; and
2. Receive and file a request for proposals for Professional Building Official, Permitting, Inspection, Plan Review, and Related Services.

ITEMS REMOVED FROM CONSENT CALENDAR

None.

NEW BUSINESS

Item No. 6: Adopt a Resolution Declaring the Results of the November 5, 2024 General Municipal Election

The City Clerk provided a report on this item.

It was moved by Council Member Mallari, seconded by Mayor Minikus, to adopt a Resolution declaring the results of the November 5, 2024 General Municipal Election.

The motion was carried by the following roll call vote:

AYES: 4 COUNCIL MEMBERS: Burke, Mallari, Peat and Minikus

NOES: 0 COUNCIL MEMBERS: None
ABSENT: 1 COUNCIL MEMBERS: Marquez

RESOLUTION NO. 6998

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CYPRESS,
CALIFORNIA, RECITING THE FACT OF THE GENERAL MUNICIPAL
ELECTION HELD ON NOVEMBER 5, 2024, DECLARING THE RESULT
AND SUCH MATTERS AS PROVIDED BY LAW

ORDINANCE NO. 1213

AN ORDINANCE OF THE PEOPLE OF THE CITY OF CYPRESS,
CALIFORNIA, TO REPEAL THE CYPRESS TOWN CENTER AND
COMMONS SPECIFIC PLAN 2.0 AND ADOPT THE CYPRESS TOWN
CENTER AND COMMONS SPECIFIC PLAN 3.0 TO MEET THE CITY OF
CYPRESS'S REGIONAL HOUSING NEEDS ALLOCATION

SPECIAL ORDER OF BUSINESS

Item No. 7: Recognition of Outgoing Council Members

The City Council recognized outgoing Council Member Anne Mallari.

The City Council recognized outgoing Mayor Scott Minikus.

Representatives from Assemblywoman Sharon Quirk-Silva and Senator Janet Nguyen's offices presented Certificates of Recognition.

The City Manager presented a plaque to the City Council in recognition of a Western City Magazine article highlighting the City's plan to offset pension liability by 2030.

RECESS

Mayor Minikus recessed the meeting at 7:02 p.m.

Mayor Minikus reconvened the meeting at 7:13 p.m.

SPECIAL ORDER OF BUSINESS (Continued)

Item No. 8: Oath of Office for Newly-Elected Council Members

The City Clerk administered the Oath of Office and presented Certificates of Election to newly-elected Council Members Kyle Chang and Leo Medrano.

NEW BUSINESS

Item No. 9: City Council Reorganization

The City Clerk opened the nominations for Mayor.

A motion was made by Mayor Minikus, seconded by Mayor Pro Tem Peat, to nominate Mayor Pro Tem Peat for the office of Mayor.

A substitute motion was made by Council Member Medrano, seconded by Council Member Chang, to nominate Council Member Burke for the office of Mayor.

The substitute motion was carried by the following roll call vote:

AYES: 3 COUNCIL MEMBERS: Burke, Chang and Medrano
NOES: 2 COUNCIL MEMBERS: Minikus and Peat
ABSENT: 0 COUNCIL MEMBERS: None

The City Clerk opened the nominations for Mayor Pro Tem.

A motion was made by Council Member Chang, seconded by Mayor Burke, to nominate Council Member Medrano to the office of Mayor Pro Tem.

The motion was carried by the following roll call vote:

AYES: 4 COUNCIL MEMBERS: Chang, Medrano, Minikus and Burke
NOES: 1 COUNCIL MEMBERS: Peat
ABSENT: 0 COUNCIL MEMBERS: None

Mayor Burke and Mayor Pro Tem Medrano made remarks regarding appointments as Mayor and Mayor Pro Tem.

CONSENT CALENDAR

All matters listed on the Consent Calendar are to be approved with one motion unless a Council Member requests separate action on a specific item.

A motion was made by Council Member Minikus, seconded by Mayor Burke, to approve the Consent Calendar item No. 10.

The motion was unanimously carried by the following roll call vote:

AYES: 5 COUNCIL MEMBERS: Chang, Minikus, Peat, Medrano and Burke
NOES: 0 COUNCIL MEMBERS: None
ABSENT: 0 COUNCIL MEMBERS: None

Item No. 10: Approve the 2025 City Council Regular Meeting Schedule

Recommendation: Approve the 2025 City Council regular meeting schedule.

ORAL COMMUNICATIONS

Denise Inouye, Cypress, spoke regarding holiday decorations and district elections.

Bob Youngsma, Cypress, spoke regarding solid waste franchise agreement.

Ed Kraemer, Cypress, spoke regarding zoning of Los Alamitos Race Course property.

COUNCIL MEMBER REPORTS FROM CITY-AFFILIATED BOARDS AND COMMITTEES AND REMARKS

Council Member Peat:

Attended Holiday Sing and Tree Lighting ceremony. Attended OCFA Board meeting. Congratulated OCFA Chief Steve Dohman on his retirement and welcomed the new Division Chief.

Mayor Pro Tem Medrano:

No report.

Council Member Minikus:

Attended Holiday Sing and Tree Lighting ceremony. Congratulated Cypress resident Roy Rausch on his SoCal Snowy Owl documentary. Wished everyone a Merry Christmas and Happy Holidays.

Council Member Chang:

Stated he looks forward to working with everyone.

Mayor Burke:

No report.

COUNCIL MEMBER ITEMS FOR FUTURE CONSIDERATION

None.

CITY MANAGER REMARKS

The City Manager and City Attorney congratulated the new Council Members and wished everyone Happy Holidays.

ADJOURNMENT

Mayor Burke adjourned the Regular Meeting at 7:42 p.m. to a Regular Meeting, to be held on Monday, January 13, 2025, beginning at 5:30 p.m. in the Executive Board Room.

MAYOR OF THE CITY OF CYPRESS

ATTEST:

CITY CLERK OF THE CITY OF CYPRESS

REGULAR MEETING
CYPRESS CITY COUNCIL
JANUARY 13, 2025
6:00 P.M. – General Session

A regular meeting of the Cypress City Council was called to order at 6:00 p.m. by Mayor Burke in the Executive Board Room, 5275 Orange Avenue, Cypress, California.

ROLL CALL

Cypress City Council, also acting as the Ex-Officio Governing Board of Directors of the Cypress Recreation and Park District

Mayor David Burke
Mayor Pro Tem Leo Medrano
Council Member Kyle Chang
Council Member Scott Minikus
Council Member Bonnie Peat

STAFF PRESENT

City Manager Peter Grant
City Attorney Fred Galante
Director of Finance and Administrative Services Matt Burton
Director of Recreation and Community Services Jeff Draper
Planning Director Alicia Velasco
Chief of Police Mark Lauderback
Acting Director of Public Works Nick Mangkalakiri
City Clerk Alisha Farnell
Deputy City Clerk Christina Dizol

INVOCATION Pastor Mike McKay, Neighborhood Church, led the Invocation.

PLEDGE OF ALLEGIANCE Mayor David Burke led the Pledge of Allegiance.

ORAL COMMUNICATIONS ON AGENDA ITEMS

Bob Youngsma, Cypress, spoke regarding Agenda Item No. 5.

Rob Johnson, Cypress, spoke regarding Agenda Item No. 6.

Pearl Boelter, Cypress, spoke regarding Agenda Item No. 6.

Glenn Button, Cypress, spoke regarding Agenda Item No. 6.

Anne Mallari, Cypress, spoke regarding Agenda Item No. 6.

Paul Kokkinos, Cypress, spoke regarding Agenda Item No. 6.

CONSENT CALENDAR

All matters listed on the Consent Calendar are to be approved with one motion unless a Council Member requests separate action on a specific item.

A motion was made by Mayor Burke, and seconded by Council Member Minikus, to approve Consent Calendar items No. 1 through 5 with Council Member Chang and Mayor Pro Tem Medrano abstaining on Agenda Item No. 1.

The motion was unanimously carried by the following roll call vote:

AYES: 5 COUNCIL MEMBERS: Chang, Minikus, Peat, Medrano and Burke
NOES: 0 COUNCIL MEMBERS: None
ABSENT: 0 COUNCIL MEMBERS: None

Item No. 1: Approve Minutes - Meetings of October 28, November 12, and November 18, 2024

Recommendation: Approve as submitted.

Item No. 2: Introduce and/or Adopt All Ordinances and Resolutions Presented for Consideration by Title Only and to Waive Further Reading

Item No. 3: Accept Flooring/Carpeting Replacement for the City Hall West Wing, Project 326

Recommendation:

1. Accept the Flooring/Carpeting replacement for the City Hall West Wing, Project 326, in the amount of \$83,882.55 and approve the final payment of \$4,194.13 to Milliken Services, LLC; and
2. Authorize the City Engineer to file a Notice of Completion with County Recorder.

Item No. 4: Approve Plans and Specifications and Award Contract for City Street Light LED Conversion, Project 409

Recommendation:

1. Approve Plans and Specifications for City Street Light LED Conversion, Project 409; and
2. Award a contract to Yunex LLC for \$92,949, and authorize a contingency of \$13,900; and

3. Approve a Task Order for Construction Inspection Services to FCG Consultants Inc., for \$10,748.88, and authorize a contingency of \$1,600.

Item No. 5: Approve Plans and Specifications and Award Contracts for Concrete Rehabilitation, Project 387

Recommendation:

1. Approve Plans and Specifications for Concrete Rehabilitation, Project 387; and
2. Award a contract to CJ Concrete Construction Inc. for \$162,550, and authorize a contingency of \$24,400; and
3. Approve a Task Order for Construction Inspection Services to FCG Consultants, Inc. for \$67,298.60 and authorize a contingency of \$11,000.

NEW BUSINESS

Item No. 6: Approve City Council Appointments to Organizations and Committees

Mayor Burke provided a report and shared his recommended appointments.

City Council discussion ensued.

A motion was made by Mayor Burke, and seconded by Council Member Chang, to approve the Mayor's recommended appointments as amended, including the adoption of a Resolution appointing the City's representative to the Orange County Fire Authority Board, with the exception of the Orange County Mosquito & Vector Control District representative and the Orange County Sanitation District alternate.

A substitute motion was made by Council Member Peat, and seconded by Council Member Minikus, to appoint Council Member Peat to the Orange Fire Authority Board.

The substitution motion failed by the following roll call vote:

AYES: 2 COUNCIL MEMBERS: Peat and Minikus
NOES: 3 COUNCIL MEMBERS: Chang, Medrano and Burke
ABSENT: 0 COUNCIL MEMBERS: None

The original motion passed by the following roll call vote:

AYES: 4 COUNCIL MEMBERS: Chang, Minikus, Medrano and Burke
NOES: 1 COUNCIL MEMBERS: Peat
ABSENT: 0 COUNCIL MEMBERS: None

Approved Appointments:

Orange County Fire Authority	David Burke – Representative (No Alternate)
Orange County Sanitation District	Scott Minikus – Representative
Bridges at Kramer Place Community Advisory Board	Kyle Chang - Representative (No Alternate)
City/Anaheim Union High School District Ad Hoc Subcommittee	David Burke Leo Medrano
City/Cypress College Ad Hoc Committee	David Burke Leo Medrano
City/Cypress School District Ad Hoc Subcommittee	David Burke Kyle Chang
Economic Development Ad Hoc Subcommittee	Leo Medrano Bonnie Peat
Joint Forces Training Base Regional Military Affairs Committee	Scott Minikus – Representative Bonnie Peat - Alternate
League of California Cities General Assembly	David Burke – Representative Leo Medrano – Alternate
League of California Cities Orange County Division	David Burke – Representative Leo Medrano – Alternate
Orange County City Selection Committee	David Burke – Representative Leo Medrano – Alternate
Orange County Council of Governments General Assembly	Bonnie Peat - Representative Kyle Chang – Alternate
Orange County Library Advisory Board (2-year Term ending Jan. 2027)	Kyle Chang - Representative Leo Medrano – Alternate
Southern California Association of Governments – General Assembly	David Burke - Representative Kyle Chang – Alternate
Veterans Recognition Ad Hoc Subcommittee	Scott Minikus Bonnie Peat
West Cities Police Communications Center	Scott Minikus – Representative

Bonnie Peat – Alternate

RESOLUTION NO. 6999

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CYPRESS,
AND ACTING AS EX-OFFICIO GOVERNING BOARD OF DIRECTORS
OF THE CYPRESS RECREATION AND PARK DISTRICT,
DESIGNATING AND APPOINTING ITS REPRESENTATIVE TO THE
ORANGE COUNTY FIRE AUTHORITY'S BOARD OF DIRECTORS

City Council discussion ensued regarding Orange County Sanitation District alternate appointment.

A motion was made by Council Member Minikus, and seconded by Council Member Chang, to appoint Council Member Peat as the alternate to the OC Sanitation District board.

The motion was unanimously carried by the following roll call vote:

AYES: 5 COUNCIL MEMBERS: Chang, Minikus, Peat, Medrano and Burke
NOES: 0 COUNCIL MEMBERS: None
ABSENT: 0 COUNCIL MEMBERS: None

City Council discussion ensued regarding Orange County Mosquito & Vector Control District representative appointment.

A motion was made by Mayor Burke, and seconded by Council Member Peat, to appoint Mayor Pro Tem Medrano to the OC Mosquito and Vector Control District for the remaining term expiring January 2026.

The motion was unanimously carried by the following roll call vote:

AYES: 5 COUNCIL MEMBERS: Chang, Minikus, Peat, Medrano and Burke
NOES: 0 COUNCIL MEMBERS: None
ABSENT: 0 COUNCIL MEMBERS: None

Item No. 7: Establish a City Council Ad Hoc Subcommittee to Advise and Assist with the Development of Community Survey Questionnaire

The City Clerk provided a report on this item.

City Council discussion ensued.

A motion was made by Mayor Burke, and seconded by Council Member Minikus, to adopt a Resolution creating an ad hoc subcommittee, consisting of Mayor Burke and Council Member Chang, to assist with the development of the Community Survey questionnaire.

The motion was unanimously carried by the following roll call vote:

AYES: 5 COUNCIL MEMBERS: Chang, Minikus, Peat, Medrano and Burke
NOES: 0 COUNCIL MEMBERS: None
ABSENT: 0 COUNCIL MEMBERS: None

RESOLUTION NO. 7000

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CYPRESS,
AND ACTING AS EX-OFFICIO GOVERNING BOARD OF DIRECTORS OF
THE CYPRESS RECREATION AND PARK DISTRICT, ESTABLISHING
AN AD HOC SUBCOMMITTEE TO ADVISE AND ASSIST WITH THE
DEVELOPMENT OF A COMMUNITY SURVEY QUESTIONNAIRE

ORAL COMMUNICATIONS

Marilyn Reames, Cypress, spoke regarding City rebranding/logo survey and community survey.

Paul Kokinos, Cypress, spoke regarding transparency on the City's website.

Glen Button, Cypress, spoke regarding Agenda Item No. 6.

Bob Youngsma, Cypress, spoke regarding costs to change City seal/logo.

COUNCIL MEMBER REPORTS FROM CITY-AFFILIATED BOARDS AND COMMITTEES AND REMARKS

Council Member Minikus:

Attended the swearing in ceremony for County Board Supervisor Janet Nguyen. Requested OCFA provide a presentation regarding the dangers of lithium batteries. Spoke regarding the Palisades fire in LA County and encouraged people to express gratitude for everything they have.

Council Member Peat:

Attended OC Vector Control Board meeting. Attended PACE graduations at Landell and Holder Elementary School. Participated in Eagle Scout interviews. Spoke regarding Boys and Girls Club of Greater Anaheim -Cypress merging with Boys and Girls Club of Central Orange Coast.

Council Member Chang:

Met with City staff and thanked them for their patience.

Mayor Pro Tem Medrano:

Met with City staff and thanked them for their time and patience. Participated in a ride along with the Public Works Director. Visited Joe Schmoe's to see the facility expansion. Attended a Recreation Commission meeting.

Mayor Burke:

Thanked Mayor Pro Tem Medrano and Council Member Chang for their dedication to their newly elected positions. Attended PACE graduations and thanked Community Outreach Officer Julie Marquez for her work with the program. Spoke regarding appointments to organizations and committees and thanked the City Council for their commitments.

COUNCIL MEMBER ITEMS FOR FUTURE CONSIDERATION

Mayor Burke requested to agendize a revised policy for adding action items to the agenda.

The City Manager and City Attorney provided procedural guidance.

Council Member Minikus and Mayor Pro Tem Medrano supported the item.

CITY MANAGER REMARKS

The City Manager reminded everyone that City Hall offices will be closed on Monday, January 19 for the Martin Luther King Jr. holiday. The City Attorney wished everyone a Happy New Year.

ADJOURNMENT – IN MEMORY OF SIGNAL HILL POLICE CHIEF WAYNE BYERLEY AND OCFA FIRE APPARATUS ENGINEER KEVIN SKINNER

Mayor Burke adjourned the Regular Meeting at 7:25 p.m. to a Regular Meeting, to be held on Monday, January 27, 2025, beginning at 5:30 p.m. in the Council Chambers.

ATTEST:

MAYOR OF THE CITY OF CYPRESS

CITY CLERK OF THE CITY OF CYPRESS



CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular

3.

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 02/10/2025

SUBJECT: Receive and File the Fiscal Year 2024-25 Mid-Year Budget Report and Approve Budget Adjustments

RECOMMENDATION

1. Receive and file the FY 2024-25 Mid-Year Budget Report; and

2. Approve mid-year Budget adjustments:

City

- a. Increase appropriations in the General Fund by \$50,900
- b. Increase appropriations in the Capital Project Fund by \$43,500
- c. Increase appropriations in the Central Services Fund by \$20,800
- d. Transfer \$1,500,000 from the General Fund to the Infrastructure Fund
- e. Transfer \$1,500,000 from the General Fund to the Employee Benefits Fund for Pension Trust Investment
- f. Approve the receipt of \$616,580 from the Park District as partial payment on the outstanding Repayment Agreement and Promissory Note for the construction of Lexington Park

Recreation and Park District

- g. Increase appropriations in the General Fund by \$44,200
- h. Increase appropriations in the Central Services Fund by \$15,000
- i. Transfer \$15,000 from the General Fund to the Central Services Fund
- j. Transfer \$616,580 from the Park Development Fund to the General Fund
- k. Approve a \$616,580 payment to the City's Infrastructure fund to apply against the outstanding Repayment Agreement and Promissory Note for the construction of Lexington Park.

SUMMARY

Overall, the City's financial health remains strong. We expect to end FY 2024-25 in a better financial position than we started. However, ongoing uncertainties exist, including the impacts of inflation on both operations and capital projects, stagnant sales tax revenues, a tight labor market, pension liability volatility and economic concerns at the Federal, State and local levels. As such, it remains imperative the City Council continue its prudent approach to financial management and adhere to its Fiscal Strategies.

DISCUSSION

Annually, the City Manager provides the City Council a report on the status of the City's Budget. This update is based on six months of actual receipts and disbursements and projections for the remaining half of the year. The review is general in nature and focuses on the City's General Fund and the Cypress Recreation and Park District's General Fund. The review also discusses any amendments necessary for maintaining service levels for the balance of the fiscal year.

Based on the first six months of the fiscal year and projections for the second half of the fiscal year, it is anticipated FY 2024-25 City General Fund activities will yield \$2.2 million more than budgeted. District General

Fund activities are anticipated to yield additional revenues of close to \$167,000, while operating expenditures are forecast to be approximately \$329,000 under budget.

The mid-year review also closes out prior fiscal year activities. Based on the results of the annual audit, year-end fund balances are earmarked, appropriated or transferred in accordance with the City's Fiscal Strategies. The City General Fund ended FY 2023-24 with a \$3 million surplus and (consistent with the Fiscal Strategies) \$1.5 million is recommended as a transfer to the Infrastructure Fund for use on future capital projects and \$1.5 million is recommended as a transfer to the Employee Benefits Fund for pension trust investment.

City General Fund Overview

The General Fund analysis focuses on revenues (including transfers in from other funds) and expenditures (including transfers out to other funds and all other uses). The results of the first six months of the fiscal year (July 1 through December 31) for the City's General Fund are:

	Amended Budget	Six Month Actual	Percent Budget	Historical Range
Revenues	\$43,785,192	\$17,296,560	39.5%	34%-40%
Expenditures	\$44,847,882	\$19,092,554	42.6%	45%-50%

Mid-year General Fund revenues tend to be below 50% due to delays in the receipt of revenues. Many revenue payments in the first half of the year (including sales taxes, franchise taxes, transient occupancy taxes, vehicle license property tax backfills from the State and interest earnings) are collected after December 31. As a result, typically just over one-third of revenues are received by December 31 and first half receipts for FY 2024-25 (as a percentage of the Budget) are consistent with expectations.

Expenditures are lower than historical trends (as a percentage of budget) due to multiple factors. Payment on several budget items which are higher in FY 2024-25 than previous years, will be made in the second half of the fiscal year. These payments include animal control services, regional homeless support, November election costs and newly-established economic development programs. In addition, no invoices for contract building and safety services were paid prior to December 31, 2024 due to contract issues that have subsequently been resolved. Also contributing to budgeted expenditures (as a percentage) being under the historical range through the first half of the year is the nearly \$1.5 million budgeted for capital outlay purchases and capital projects funded by one-time pandemic recovery and surplus interest earnings. The annual transfer from the General Fund associated with these capital transactions will occur at the end of the fiscal year in conjunction with preparing for the annual audit process.

General Fund revenues for FY 2024-25 are projected to exceed expectations.

	Amended 2024-25 Budget	2024-25 Projection	Projected Variance From Budget (\$)	Projected Variance From Budget (%)
Revenues	\$43,785,192	\$44,225,250	\$440,058	1.0%

Sales taxes and property taxes combine to make up over 60% of General Fund revenues. While property tax tends to be stable and grow at generally predictable rates, sales tax receipts are more volatile and historically fluctuate in response to the overall economy. The FY 2024-25 Budget used projections from the City's sales tax consultant which reflect ongoing economic uncertainties and their impacts on revenues. Actual receipts and the sales tax consultant's most recent forecast indicate we are behind our FY 2024-25 forecast and are expected to receive \$336,000 less sales tax than originally estimated. The revised projections are a result of many factors, including business to business sales, year-over-year declines in the price of gasoline, and a generally sluggish economy as it relates to taxable sales. Historically, taxable sales typically grow proportionately with the overall economy and inflation. However, despite a healthy economy, the growth in taxable sales has not kept pace with inflation over the last few years. Given the importance of this revenue source, the City continues to work closely with our sales tax consultant to monitor trends and projections. On a more positive note, property tax revenues are on track to exceed budget estimates by \$389,000. This increase is attributed to ongoing growth in assessed valuations brought on by new developments, and the positive impacts associated with the turnover of existing housing stock.

The majority of other revenue sources are projected to be in line with budget. However, interest earnings on cash balances are projected to exceed budget due to the market interest rates paid on government-backed securities projected to remain over 4% through the end of the fiscal year. The majority of the City's investment portfolio is comprised of government-backed securities and over the last few years the average annual return earned on the portfolio has exceeded the City's established baseline earnings rate of 3%.

Year-end General Fund expenditure projections are less than budget:

	Amended 2024-25 Budget	2024-25 Projection	Projected Variance from Budget	Projected Variance from Budget
Operating Expenditures	\$41,565,066	\$39,782,447	(\$1,782,619)	(4.3%)
Pandemic Recovery Plan Transfers	609,860	609,860	-0-	n/a

Transfers Out for:				
Current Year - Capital/Grants/Storm Drain Operations	2,672,956	2,672,956	-0-	n/a
Future Capital/Pension Investment - Prior Year Savings	-0-	3,000,000	3,000,000	n/a
Total Transfers Out	2,672,956	5,672,956	3,000,000	112.2%
Total Expenditures and Transfers	\$44,847,882	\$46,065,263	\$1,217,381	2.7%

General Fund revenue and expenditures estimates are detailed in Exhibit Two. The anticipated savings from operations are primarily related to salary and benefits resulting from vacancies in all departments, including Finance, Community Development, Police and Public Works. While the City actively recruits to fill vacant positions, there continues to be significant challenges (e.g. a tight labor market and a lack of qualified applicants) that prevent us from filling some budgeted positions in a timely manner. Anticipated savings are available to pay for the following recommended appropriation adjustments:

Public Works

- \$30,500 for street maintenance costs in excess of budget, including \$28,500 for a variety of parkway vandalism repairs to pipes, backflow devices, and wiring. The remaining \$2,000 is for additional personal protective equipment for Public Works staff involved with clean-ups along the public right-of-way.
- \$11,200 for an unforeseen malfunction of the HVAC equipment that monitors and regulates the Senior Center's temperature. It is strongly recommended the Senior Center repairs occur in advance of the upcoming summer season to ensure the facility can continue to serve as a cooling station during periods of excessive heat.
- \$1,600 for security alarm upgrades at the Community Center and Senior Center. The upgrades will allow the system to be compatible with the City's latest phone technology, which will reduce ongoing maintenance and better align with current safety standards.
- \$7,600 for park irrigation repairs due to failing pipes (\$5,000) and pest control to prevent further damage to park landscaping (\$2,600).

There are a few other program expenditures which are on pace to exceed budget or are historically difficult to estimate at December 31, but a precise estimate of any budget variance cannot be determined at this time. Unless reliable information is available to forecast spending through the end of the year, in most cases the amount included in the Budget has been used as the estimate for the year. These programs include City Attorney charges, animal control contract costs with the County and development related activities (i.e. building and public works inspections). These activities tend to be largely out of the City's control and can vary significantly from one fiscal year to the next. Any additional development activity costs are recovered through fees, and will not negatively impact projected year-end fund balances if these activity levels exceed initial budget projections. If any of these program costs end up exceeding the amended budget, the overages will be addressed after June 30, 2025 once the exact amount is known, and it may be necessary for the City Council to consider future budget adjustments to ensure year-end budgetary compliance.

The projections do not include any additional appropriations approved after December 31, 2024.

FY 2023-24 Results of Operations

At June 30, 2024, the General Fund had \$3 million of prior year revenues and savings available as fund balance. The Fiscal Strategies direct additional one-time surplus monies toward infrastructure investment and employee pension obligations, and it is recommended the \$3 million be transferred in FY 2024-25 for future infrastructure (\$1.5 million) and pension trust investment (\$1.5 million) in the Employee Benefits Fund.

Maintenance of Effort Requirements

Based on projected expenditures, it appears the City should meet or exceed all minimum expenditure levels required to receive State and County funding for police services and street maintenance. However, it is important to consider that the Maintenance of Effort (MOE) for General Fund expenditures necessary to receive State and County funding for street maintenance and construction may not be met if actual expenditures fall below budgeted levels.

Finance and Public Works closely monitor MOE activities to ensure all requirements are met and eligibility is maintained. After the close of the fiscal year, it may be necessary to adjust funding sources for certain projects if

actual MOE eligible expenditure levels fall short of projections. Any MOE shortfalls could be funded using the projected additional fund balance resulting from FY 2024-25 activities summarized below.

Fund Balance Overview for City General Fund

The amended Budget projects fund balance to decrease by \$452,830 from FY 2024-25 activities; however, mid-year revenue and expenditure projections (excluding one-time pandemic recovery plan appropriations) indicate fund balance will increase nearly \$1.8 million (Exhibit One):

	Amended 2024-25 Budget	2024-25 Projection	Projected Variance
Increase to Fund Balance from FY 2024-25 Revenues/Expenditures	(\$452,830)	\$1,769,847	\$2,222,677

The fund balance increase results from many factors, including higher property tax revenues, interest earnings and salary and contract cost savings. The projected \$2.2 million variance is based on current information and may change significantly during the next six months. A recommendation to transfer, set-aside or appropriate FY 2024-25 surpluses will be made in conjunction with the FY 2025-26 mid-year Budget review in February 2026 once the final, audited results from FY 2024-25 are known.

An analysis of the changes in the General Fund's fund balance is provided in Exhibit Three. The \$10.3 million committed fund balance reflects the economic uncertainty contingency (equal to 25% of budgeted operating expenditures). The assigned fund balance is set aside to fund capital projects at City Council adopted levels, invest available savings in future infrastructure/facility projects/pension liability mitigation investments in accordance with the fiscal strategies, provide a short-term contingency should one of the major revenue producers in the City relocate or experience a service interruption, or help bridge manageable, temporary deficits.

All fund balance commitments and assignments are consistent with the Fiscal Strategies approved by the City Council. The June 30, 2025, unassigned fund balance is projected to be over \$1.8 million.

Capital Projects Overview

Exhibit Four provides a status of the City's capital improvement projects, including carryover projects from previous years, summarized by type of expenditure below:

	Amended 2024-25 Budget	Expenditures/ Encumbrances thru 12/31/24	Percent Expended/ Encumbered thru 12/31/24
Streets	\$6,768,856	\$4,579,919	67.7%
Traffic Signals/Streetlights	4,556,885	2,539,873	55.7%
Sewer	1,145,061	229,315	20.0%
Concrete/Medians/Trees	1,542,249	743,277	48.2%
Facilities	3,632,047	2,078,816	57.2%
Storm Drainage	1,917,240	1,667,240	87.0%
Total	\$19,562,338	\$11,838,440	60.5%

Capital project expenditures for the first half of the year are consistent with expectations. Contracts have been awarded on many large projects that are scheduled to commence early in 2025 with completion expected in the spring/summer. Public Works will update the City Council on the Capital Improvement Program on February 24.

One adjustment is recommended:

- \$43,500 for a new HVAC unit for the Police Department's property and evidence storage area. The existing unit is over 16 years old and experienced a major failure earlier this fiscal year, resulting in costly repairs. The unit's continued reliability is uncertain, parts are difficult to find, and given the importance of preserving case evidence, it is recommended a new unit be installed before the end of the fiscal year.

Cypress Recreation and Park District General Fund Overview

The results of the first six months of the fiscal year for the District are:

	Amended 2024-25 Budget	Six Month Actual	Percent Budget	Historical Range
Revenues	\$9,583,684	\$4,164,605	43.5%	43%-54%
Expenditures - Operations	\$6,579,293	\$2,803,101	42.6%	40%-45%
Expenditures - Capital Outlay and Capital Projects	\$25,229,703	\$16,137,567	64.0%	N/A

Total budgeted revenues have increased from the prior year and property taxes, which comprise the large majority of District revenues, continue to grow steadily due to higher assessed valuations driven by new development and property sales. In recent years, the County's payment of property tax revenue to the District has been fairly evenly distributed between the two halves of the fiscal year. However, for FY 2024-25 a larger portion of the annual property tax allocation will be paid in the second half of the fiscal year, which caused total revenues for the first half of the year to be less than the prior year. Despite this change, total revenues through December 31, 2024 (as a percentage of budgeted revenues) are within the historical range and consistent with expectations.

Total expenditures tend to fluctuate year to year due to budgeted capital projects while operating expenditures experience less volatility. Typically, operating expenditures are below 50% at the end of the calendar year due to the majority of December non-personnel expenditures (which includes contract costs for landscaping and custodial services) not being paid until January. Operating expenditures through December 31, 2024 are just short of 43%, which is consistent with historical levels.

The \$25.2 million capital budget includes \$23 million of carryover appropriations to allow for the completion of the Arnold Cypress Park rehabilitation project. Through December 31, 2024, about two-thirds of the remaining budget had been expended on the Arnold Cypress Park project. Several other smaller dollar projects, including a new picnic shelter and lighting improvements at Oak Knoll Park were completed during the first half of the year and design has started on other park projects, including improvements at Veterans Park. It is expected the majority of the remaining capital project budget will be expended (or carried over for completion in FY 2025-26) at fiscal year-end.

Exhibit Five provides details of District General Fund revenues and expenditures, including comparisons to the previous year's first six months and final actual amounts, and the projected amounts for the current year. As summarized below, the District's General Fund fund balance is projected to decrease by just over \$800,000 during FY 2024-25. Such a decrease was expected, and is a result of the planned use of prior year fund balance accumulations for budgeted capital project expenditures and the \$2 million annual loan repayment on the Arnold Cypress Park construction loan with the City:

	Amended 2024-25 Budget	2024-25 Projection	Projected Budget Variance	Projected Budget Variance
Revenues	\$9,583,684	\$9,750,452	\$166,768	1.7%
Other Sources - Loans from City (AC Park) and Lexington Park Note Repayment	\$22,888,581	\$23,505,161	\$616,580	2.7%
<i>Total Revenue/Other Sources</i>	<i>\$32,472,265</i>	<i>\$33,255,613</i>	<i>\$783,348</i>	<i>2.4%</i>
Operating Expenditures	(\$6,579,293)	(\$6,250,000)	\$329,293	5.0%
Capital Expenditures	(\$25,265,943)	(\$25,060,943)	\$205,000	0.1%
Other Uses/Transfers/Loan Repayments	(\$2,150,000)	(\$2,766,580)	(\$616,580)	(28.7%)
<i>Total Expenditures/Uses</i>	<i>(\$33,995,236)</i>	<i>(\$34,077,523)</i>	<i>(\$82,287)</i>	<i>(0.02%)</i>
Change in Fund Balance	(\$1,522,971)	(\$821,910)	\$701,061	

District Operations

Revenues are projected to be higher than budget by \$490,790 due to property tax growth and facility rental receipts exceeding projections. The District also continues to see the positive impacts of higher interest rates earned on cash balances over the past few years, which remain significantly higher than the annual amounts received over the past decade.

Recreation operating expenditures are projected to be \$329,293 below budget primarily due to lower park maintenance costs. The savings are attributed to a variety of factors, including the expected allocation of labor for Public Works Maintenance staff, as well as actual contact costs for facility and park maintenance needs being less than budget.

Anticipated savings and/or available grant proceeds are available to pay for the following adjustments:

- \$7,000 for the senior citizen taxi voucher program. Due to the increased popularity of the program, and the availability of restricted grant monies limited to senior mobility programs, the additional appropriation will allow the program to operate at existing levels through June 30, 2025 without impacting the District's fund balance.
- \$15,000 for the purchase of four replacement soccer goals at Lexington Park. Over the last three years, the portable goals have experienced heavy usage and the price to make the necessary repairs exceeds the cost to replace them. This capital outlay purchase will be funded by a transfer from the District's General fund and paid out of the District's Equipment Replacement Fund. Going forward, annual amounts will be set-aside and accumulated to pay for the future replacement of the portable goals.

Capital Expenditures, Other Sources and Uses and Outstanding Loans to the City

The FY 2024-25 Budget includes nearly \$25.3 million for capital investments, which includes \$23 million of carryover appropriations to finalize the rehabilitation of Arnold Cypress Park. The construction of Arnold Cypress Park, with a total budget of \$33.5 million, is funded by a loan from the City's infrastructure reserve bank. Starting on June 30, 2025, the District will repay the City \$2 million annually for the next 20 years until the loan and all associated interest are fully repaid to the City.

One mid-year budget adjustment for the District is necessary due to unforeseen capital project expenditures:

- \$37,200 to repair a leak in the water line at Lexington Park. The leak was identified in late October under the parking lot, and repairs were made to allow ongoing access to the Park's restrooms and drinking stations and resulted in extensive asphalt repairs.

Exhibit Five also incorporates issuance and repayment activity for the City loans approved to pay for Lexington Park. Payments against the \$12.8 million Lexington Park loan occur twice a year if park development fees become available. An additional \$616,580 of park development fees were received in the first half of FY 2024-25, and it is recommended these amounts be transferred to the District's General Fund and used to repay the City. After the recommended payment, the outstanding loan balance on the Lexington loan will be just under \$3.2 million and biannual repayments will continue as future park development fees are received.

Exhibit Six provides a summary of the District's estimated fund balance at June 30, 2025. The District's General Fund fund balance is estimated to be just under \$10.7 million, down from \$11.5 million at the end of FY 2023-24.

This decrease is expected, as accumulated reserves are being used to pay for the majority of the budgeted capital improvement projects, other than the Arnold Cypress Park rehabilitation. The majority of the fund balance is either restricted or assigned for specific purposes (future appropriations for infrastructure and amenities, contingencies, and for annual cash flow shortfalls). The District's major revenue source is property tax, which is collected in December and April, resulting in the need for the District to set-aside \$2 million at year-end for operating cash flow.

Other Recommended Budget Amendments

As part of the mid-year Budget review, departments identify items not included in the Budget which are needed prior to June 30, 2025. While the budget process is typically the time to identify a department's needs for the upcoming year, unanticipated situations may arise during the year which require an amendment. The following Public Works adjustments are recommended:

- \$10,200 in the Central Services Fund for unforeseen Civic Center facility maintenance costs. These include replacing burnt out parking lot lights, repairs to the Police department's property and evidence

HVAC system, and alarm security upgrades at City Hall.

- \$10,600 in the Central Services Fund for unforeseen vehicle maintenance. A Police patrol vehicle experienced engine failure, which required extensive repairs. This vehicle is critical to daily operations and the repairs extend the useful life of the asset.

Pandemic Recovery Plan Close Out

In FY 2021-22, the City Council approved a multi-year Pandemic Recovery Plan (Plan) which identified 20 projects/programs for investment. The Plan was developed in response to the City receiving \$11.7 million of federal American Rescue Plan Act (ARPA) monies to assist with pandemic impacts, which the City Council directed be used to replace lost revenues and pay for general government services in the General Fund. The ARPA monies allowed the majority of the Plan to be funded with unrestricted, one-time General Fund monies that would normally be required to pay for annual operations. When the City Council approved the Plan, it acknowledged that many of the projects/programs would not be undertaken in the short-term and that the Plan would be reviewed and adjusted periodically to best meet the community's evolving needs.

Several of the Plan's significant projects/programs are complete or in-progress:

- \$2.4 million to reimburse the City's General Fund for pandemic response costs (complete)
- \$600,000 for economic development initiatives, including the Business Fee Waiver Program and the Business Park Local Catering Program (complete)
- \$1 million to fund a full-time Business Development Manager for five years through 2028 (complete, but not fully expended)
 - \$260,000 for the Business Park Specific Plan Modernization Project (in-progress)
 - \$325,000 for Cypress University (in-progress)
- \$2.5 million to the Pension Trust to meet the City Council's goal of fully offsetting pension liabilities by 2030 (complete)

The Plan is projected to have \$3.6 million unexpended/uncommitted at the end of FY 2024-25. The City Council's Strategic Plan includes an objective to present a Plan update to the City Council as part of the Mid-Year Budget report, and it is recommended that the Plan be closed out and that the remaining set-asides be invested in worthy projects/programs that otherwise lack a funding source. The majority of the six recommended projects/programs were part of the Plan but have yet to be undertaken and are investments that advance the City Council's Strategic Plan goals. The projects/plans would be future Strategic Plan objectives and incorporated into future budgets.

Recommended Programs/Projects	Amount
Two years of additional funding for the Business Development Manager position (through June 2030)	\$450,000
Additional Economic Development programs (phase III), including an economic development strategy	\$500,000
Advanced Clean Fleet transition (State mandate), including publicly accessible EV charging facilities	\$1,500,000
Drought response turf conversion incentives - Business Park	\$500,000
Traffic signal preemptive devices for emergency vehicles	\$600,000
Business Continuity Plan	\$50,000
Total	\$3,600,000

These one-time allocations will be funded in future budgets using prior year one-time General Fund accumulations, have no impact on the current year Budget and are not considered in the FY 2024-25 Mid-Year Budget analysis.

BUDGET IMPACT

Based on the results of operations for the first six months of the fiscal year and current projections for the second half of the fiscal year, it is anticipated available fund balances in the General Funds of both the City and District will exceed FY 2024-25 estimates. Sufficient FY 2024-25 savings are projected to be available to pay for the recommended General Fund appropriations.

LEGAL REVIEW

None required.

APPROVED BY:

Peter Grant, City Manager

Attachments

Exhibit One - General Fund Current Year Inflows/Outflows (Summarized)

Exhibit Two - General Fund (Detailed)

Exhibit Three - General Fund Summary of Fund Balance

Exhibit Four - Status of Capital Projects

Exhibit Five - CRPD General Fund

Exhibit Six - CRPD Summary of Fund Balance

FY 2024-25 Fiscal Strategies

EXHIBIT ONE

CITY OF CYPRESS
FY 2024-25 MID YEAR BUDGET REVIEW
GENERAL FUND- CURRENT YEAR INFLOWS/OUTFLOWS (SUMMARIZED)

ACCOUNT	AMENDED 2024-25 BUDGET	SIX MOS. ACTUAL 2024-25	2024-25 PROJECTION	VARIANCE (\$) BUDGET VS. PROJECTION	VARIANCE (%)
<u>Inflows</u>					
Revenues and Transfers In	\$ 43,785,192	\$ 17,296,560	\$ 44,225,250	\$ 440,058	1.0%
<u>Outflows</u>					
Operating Expenditures	41,565,066	17,292,554	39,782,447	1,782,619	4.3%
Transfers Out from Current Year Resources	<u>2,672,956</u>	<u>1,800,000</u>	<u>2,672,956</u>	<u>-</u>	0.0%
Total Expenditures and Transfers	44,238,022	19,092,554	42,455,403	1,782,619	4.0%
Net Inflow/(Outflows)- Current Year Activities	<u>\$ (452,830)</u>	<u>\$ (1,795,994)</u>	<u>\$ 1,769,847</u>	<u>\$ 2,222,677</u>	

Note: Above Analysis summarizes current year activities; therefore, one-time pandemic recovery outflows using accumulated fund balances are excluded.

CITY OF CYPRESS
FY 2024-25 MID YEAR BUDGET REVIEW
GENERAL FUND (DETAILED)

ACCOUNT	SIX MOS. ACTUAL 2023-24	2023-24 ACTUAL	AMENDED 2024-25 BUDGET	SIX MOS. ACTUAL 2024-25	2024-25 PROJECTION
REVENUES:					
Sales Tax	\$ 4,149,409	\$ 12,930,992	\$ 12,941,000	\$ 4,174,543	\$ 12,605,000
Property Taxes	3,973,763	7,567,514	7,674,000	3,646,266	7,867,000
Vehicle License Backfill	-	6,024,570	6,200,000	-	6,422,700
Residual Tax Increment	-	143,952	110,000	-	83,350
Franchise Tax	386,334	2,112,395	2,050,000	395,223	2,050,000
Transient Occupancy Tax	885,618	2,892,555	3,125,000	1,016,915	3,125,000
Parimutual Tax (Satellite & On-Site)	86,838	191,932	192,000	77,914	180,000
Business License Tax	1,192,283	1,319,198	1,275,000	1,256,550	1,300,000
Prop 172 Sales Tax	172,925	458,073	496,400	171,322	467,300
Real Property Transfer Tax	125,171	255,157	225,000	86,008	200,000
Motor Vehicle In-Lieu	-	62,242	56,000	-	56,000
Interest and Rent	1,718,990	2,778,328	2,226,739	1,668,135	2,850,000
Investments - Fair Market Value Adjustment	216,145	540,079	-	802,572	-
Park District Maint Charges	1,032,620	2,152,800	2,568,353	1,123,541	2,325,000
Residential User Fees	184,906	624,254	542,680	200,251	542,680
Licenses and Permits	518,906	1,029,241	952,330	557,054	952,330
Fines and Forfeitures	112,516	251,811	244,000	113,092	244,000
Business License Admin Fees	112,009	94,625	108,000	110,716	113,500
Plan Check Fees	95,218	313,249	250,000	159,935	250,000
Police and Public Works Service Fees	103,144	181,607	169,750	100,075	169,750
Zoning Fees	15,467	52,621	40,000	21,849	40,000
Revenue from Other Agencies	85,346	357,837	410,384	283,784	410,384
Homeowners Tax Relief	4,289	28,595	29,000	4,308	28,900
Expenditure Reimbursement	77,049	123,875	87,000	40,418	90,000
Miscellaneous Revenues and Fees	23,410	130,010	60,200	77,264	100,000
Total Revenues	\$ 15,272,356	\$ 42,617,512	\$ 42,032,836	\$ 16,087,735	\$ 42,472,894
OTHER SOURCES (TRANSFERS IN):					
Gas Tax Funds	\$ 317,711	\$ 685,257	\$ 1,474,828	\$ 1,121,224	\$ 1,474,828
Pandemic Recovery Funds (ARPA)	-	-	6,277	-	6,277
Traffic Safety Fund	19,151	59,107	68,600	32,535	68,600
Lighting District Fund	68,970	184,457	186,413	51,055	186,413
Maintenance District Fund	5,331	11,416	16,238	4,011	16,238
Total Other Sources	\$ 411,163	\$ 940,237	\$ 1,752,356	\$ 1,208,825	\$ 1,752,356
Total Revenues and Other Sources	\$ 15,683,519	\$ 43,557,749	\$ 43,785,192	\$ 17,296,560	\$ 44,225,250

EXHIBIT TWO
Page 2 of 2

ACCOUNT	SIX MOS. ACTUAL 2023-24	2023-24 ACTUAL	AMENDED 2024-25 BUDGET	SIX MOS. ACTUAL 2024-25	2024-25 PROJECTION
<u>EXPENDITURES</u>					
Legislative	\$ 601,689	\$ 2,033,962	\$ 971,999	\$ 526,745	\$ 971,999
Administration	877,096	2,766,303	3,387,912	885,992	3,250,000
Finance & Administrative Services	1,038,698	2,114,136	2,708,189	1,117,482	2,550,000
Police	10,119,334	20,610,530	23,493,493	10,533,233	22,500,000
Planning and Development	752,421	1,783,231	2,431,428	793,182	2,431,428
Public Works					
Building & Safety	120,029	640,883	629,020	50,213	629,020
Engineering	907,719	1,862,095	2,420,084	929,851	2,275,000
Maintenance	2,284,705	4,690,363	5,522,941	2,455,856	5,175,000
Total Operating Expenditures	<u>\$ 16,701,691</u>	<u>\$ 36,501,503</u>	<u>\$ 41,565,066</u>	<u>\$ 17,292,554</u>	<u>\$ 39,782,447</u>
<u>OTHER USES:</u>					
Pandemic Response Assistance-PY Surplus	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers for Current Year Expenditures:					
Storm Drain Operations	250,000	250,000	250,000	250,000	250,000
Capital Projects (Minimum Allocation)	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000
Capital Projects (XS Interest Earnings)	-	-	550,000	-	550,000
Capital Projects (Pandemic Recovery)	-	56,912	609,860	-	609,860
Capital Outlay	-	257,155	313,724	-	313,724
General Fund Grants	-	4,518	9,232	-	9,232
Sub Total - CY Transfers	<u>\$ 1,800,000</u>	<u>\$ 2,118,585</u>	<u>\$ 3,282,816</u>	<u>\$ 1,800,000</u>	<u>\$ 3,282,816</u>
Transfers for Future Year Expenditures:					
Infrastructure/Facilities -CY Budget	\$ -	\$ 320,000	\$ -	\$ -	\$ -
Infrastructure/Facilities -PY Accumulations	-	2,350,000	-	-	1,500,000
Emp Benefits (Pension) - CY Budget	-	200,000	-	-	-
Emp Benefits (Pension) - PY Accumulations	-	4,850,000	-	-	1,500,000
Sub Total - Transfers for Future Expenditures	<u>\$ -</u>	<u>\$ 7,720,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>
Total Transfers	\$ 1,800,000	\$ 9,838,585	\$ 3,282,816	\$ 1,800,000	\$ 6,282,816
Total Other Uses	\$ 1,800,000	\$ 9,838,585	\$ 3,282,816	\$ 1,800,000	\$ 6,282,816
Total Expenditures and Other Uses	\$ 18,501,691	\$ 46,340,088	\$ 44,847,882	\$ 19,092,554	\$ 46,065,263
Net Sources Over Uses	\$ (2,818,172)	\$ (2,782,339)	\$ (1,062,690)	\$ (1,795,994)	\$ (1,840,013)

Includes City General Fund only; does not include General Fund -Grants or General Fund -Storm Drain Activities

EXHIBIT THREE

**CITY OF CYPRESS
FY 2024-25
SUMMARY OF FUND BALANCE - GENERAL FUND**

	Actual Balance <u>6/30/2024</u>	Projected Balance <u>6/30/2025</u>
FUND BALANCE:		
Nonspendable		
Prepaid Expenditures	\$ 27,445	\$ -
Notes Receivable and Advances to Other Funds	<u>35,404</u>	<u>3,853</u>
Total Restricted	62,849	3,853
Restricted		
For Community Promotion per Development Agreements	<u>\$ 28,944</u>	<u>\$ 28,944</u>
Total Restricted	\$ 28,944	\$ 28,944
Committed		
Council Approved Stabilization Agreement (25% Contingency)	<u>\$ 9,983,343</u>	<u>\$ 10,332,760</u>
Total Committed	\$ 9,983,343	\$ 10,332,760
Assigned		
Continuing Appropriations	\$ 754,478	\$ -
<i>Pre-funding Accumulations (Resulting From Operations)</i>		
Future Infrastructure Needs	4,250,000	4,500,000
Pension Investment (Employee Benefits Liabilities)	1,500,000	1,200,000
Capital Projects (Annual Transfer for Current Year Projects)	250,000	250,000
Capital Projects (Annual Transfer for Storm Drainage Projects)	250,000	250,000
Capital Projects (Minimum Annual Transfer)	1,050,000	1,050,000
Storm Drainage Fund (Annual Transfer for Storm Drainage Maintenance)	250,000	250,000
One-Time Pandemic Recovery Plan Allocation (Approved January 2022)	5,585,437	-
One-Time Set-Asides (Residual Pandemic Recovery Plan Amounts)	-	4,250,000
Budget Stabilization Reserve	2,000,000	2,000,000
Business Relocation Stabilization	<u>2,500,000</u>	<u>2,500,000</u>
Total Assigned	\$ 18,389,915	\$ 16,250,000
Unassigned (Available for Operating Contingencies)	<u>\$ 1,824,645</u>	<u>\$ 1,834,126</u>
TOTAL FUND BALANCE	<u>\$ 30,289,696</u>	<u>\$ 28,449,683</u>

EXHIBIT FOUR

**CITY OF CYPRESS
FY 2024-25 MID YEAR BUDGET REVIEW
STATUS OF CAPITAL PROJECTS**

	Original FY 2024-25 Budget	Carryover/New Appropriations	Total Budget	Expenditures or Encumbered (six months)	Percent
<u>CIP Fund</u>					
Residential Street Resurfacing	\$ 2,050,000	\$ 282,216	\$ 2,332,216	\$ 453,310	19.44%
Upgrade Pump Station Software/Hardware	250,000	-	250,000	-	0.00%
Myra PS#1 Design	-	1,667,240	1,667,240	1,667,240	100.00%
Concrete/Sidewalk Rehabilitation	550,000	651,964	1,201,964	664,662	55.30%
Frontage Road Landscape Improvements	-	20,906	20,906	3,000	14.35%
Irrigation Upgrades/Water Conservation	100,000	28,870	128,870	3,373	2.62%
Sorrento Landscaping Pilot Project	20,000	-	20,000	-	0.00%
Street Tree Planting	100,000	70,509	170,509	72,242	42.37%
City Hall Security Improvements	125,000	19,975	144,975	19,975	13.78%
City Hall West Wing Carpet/Workstations	-	400,000	400,000	167,173	41.79%
HVAC Rehabilitation - Civic Center	575,000	61,780	636,780	68,772	10.80%
EV Charging Station Design Assessment	-	9,860	9,860	9,860	100.00%
City Hall Executive Board Room Improvements	600,000	-	600,000	24,000	4.00%
City Hall and PD Roof Recoating	1,200,000	-	1,200,000	1,148,604	95.72%
Roof/HVAC Replacement - Cedar Glen Park	-	640,432	640,432	640,432	100.00%
Total CIP Fund	\$ 5,570,000	\$ 3,853,752	\$ 9,423,752	\$ 4,942,643	52.45%
<u>Streets Funds</u>					
Arterial Rehabilitation - Orange Ave	\$ 900,000	\$ 13,000	\$ 913,000	\$ 795,783	87.16%
Traffic Signal/Striping Improvements	125,000	-	125,000	10,000	8.00%
Wireless Signal Communications/Citywide	-	45,115	45,115	45,115	100.00%
Install Speedback Signs and Flashing Beacons	-	78,230	78,230	78,230	100.00%
Install/Upgrade Traffic Cameras	-	90,470	90,470	83,154	91.91%
Orange Avenue Slurry Seal	-	147,000	147,000	82,160	55.89%
Arterial Street Rehabilitation	3,100,000	276,640	3,376,640	3,248,666	96.21%
Total Streets	\$ 4,125,000	\$ 650,455	\$ 4,775,455	\$ 4,343,108	90.95%
<u>Sewer Fund</u>					
Sewer System Evaluation	\$ 800,000	\$ 153,390	\$ 953,390	\$ 185,439	19.45%
Sewer System Improvements	150,000	-	150,000	2,205	1.47%
Emergency Repairs - Yorkshire Drive	-	41,671	41,671	41,671	100.00%
	\$ 950,000	\$ 195,061	\$ 1,145,061	\$ 229,315	20.03%
<u>Lighting District Fund</u>					
Traffic Signal Timing	\$ 75,000	\$ 140,583	\$ 215,583	\$ 189,183	87.75%
Traffic Signal Software/Components Upgrade	1,700,000	1,450,992	3,150,992	2,099,411	66.63%
Install Accessible Pedestrian Signals	250,000	-	250,000	-	0.00%
Street Light LED Conversion	350,000	-	350,000	8,757	2.50%
Traffic Improvements at Plaza Drive	-	139,722	139,722	14,950	10.70%
Street Name Sign LED Conversion	-	11,073	11,073	11,073	100.00%
Upgrade/Install Adaptive Timing Controls	-	100,700	100,700	-	0.00%
	\$ 2,375,000	\$ 1,843,070	\$ 4,218,070	\$ 2,323,374	55.08%
Total	\$ 13,020,000	\$ 6,542,338	\$ 19,562,338	\$ 11,838,440	60.52%

**CYPRESS RECREATION AND PARK DISTRICT
FY 2024-25 MID-YEAR BUDGET REVIEW
GENERAL FUND**

ACCOUNT	SIX MOS. ACTUAL 2023-24	2023-24 ACTUAL	AMENDED 2024-25 BUDGET	SIX MOS. ACTUAL 2024-25	2024-25 PROJECTION
REVENUES/SOURCES:					
Property Taxes	\$ 3,741,767	\$ 7,074,987	\$ 7,144,000	\$ 3,432,899	\$ 7,296,600
Residual Tax Increment/Pass Thrus	-	251,759	232,000	-	145,000
Interest and Rent	314,977	1,018,319	926,250	373,276	975,000
Homeowners Tax Relief	4,039	26,926	28,000	4,056	27,000
Grants	-	86,693	520,852	23,981	520,852
User Fees	272,038	757,162	732,582	329,572	785,000
Miscellaneous	36,710	38,016	-	821	1,000
Total Revenues	4,369,531	9,253,862	9,583,684	4,164,605	9,750,452
Loans from City for:					
AC Park Design	130,813	138,612	-	-	-
AC Park Construction	-	10,611,419	22,888,581	15,833,834	22,888,581
Open Space- Transfer In*	-	454,795	-	-	616,580
Total Other Sources	130,813	11,204,826	22,888,581	15,833,834	23,505,161
Total Revenues/Sources	\$ 4,500,344	\$ 20,458,688	\$ 32,472,265	\$ 19,998,439	\$ 33,255,613
EXPENDITURES/OTHER USES:					
<i>Expenditures</i>					
Recreation	\$ 2,627,190	\$ 5,530,813	\$ 6,579,293	\$ 2,803,101	\$ 6,250,000
Capital Outlay	-	-	36,240	-	51,240
Capital Projects	4,266,352	16,950,867	25,229,703	16,137,567	25,009,703
<i>Other Uses</i>					
Transfer Out - Employee Benefits	150,000	150,000	150,000	150,000	150,000
Loan Repayment - Lexington Park	-	454,795	-	-	616,580
Loan Repayment - AC Park Design	-	877,440	-	-	-
Loan Repayment - AC Park Construct.	-	-	2,000,000	-	2,000,000
Total Expenditures/Uses	\$ 7,043,542	\$ 23,963,915	\$ 33,995,236	\$ 19,090,668	\$ 34,077,523
Net Sources Over Uses	\$ (2,543,198)	\$ (3,505,227)	\$ (1,522,971)	\$ 907,771	\$ (821,910)

EXHIBIT SIX

**CYPRESS RECREATION AND PARK DISTRICT
SUMMARY OF FUND BALANCE
FY 2024-25**

	Actual Balance 6/30/2024	Projected Balance 6/30/2025
General Fund		
Fund Balance		
Nonspendable - Prepaid/Inventory Items	\$ 5,345	\$ -
Restricted - Youth League Renovations	38,359	35,359
Restricted - Senior Center Capital Campaign	28,803	-
Committed - Contracts Awarded (Capital Projects)	496,995	-
Committed - Loan Repayment to City	2,000,000	2,000,000
Assigned - Cash Flow	2,000,000	2,000,000
Assigned - Contingency	1,000,000	1,000,000
Assigned - Infrastructure/ Amenties	5,500,000	5,200,000
Assigned - OCERS Retirement (unfunded)	150,000	150,000
Assigned - Art in Public Places	5,928	5,928
Unassigned	<u>251,846</u>	<u>264,079</u>
Total Fund Balance	<u><u>\$ 11,477,276</u></u>	<u><u>\$ 10,655,366</u></u>
Park Development Fund		
Restricted - Open Space	<u>\$ 3,632</u>	<u>\$ -</u>
Total Fund Balance	<u><u>\$ 3,632</u></u>	<u><u>\$ -</u></u>

Fiscal Strategies Overview

Purpose of Fiscal Strategies

Primary among the responsibilities the City of Cypress has to its citizens is the care of public funds and wise management of its assets while providing for the adequate funding of the services desired by the public and the maintenance of public facilities. Financial management strategies, designed to ensure the fiscal stability of the City, have been implemented to provide guidance for the development and administration of the annual operating and capital budgets.

Fiscal Strategies

1. The Budget will be balanced and focus on long-term sustainability
2. Reserves and fund balances will be maintained prudently
3. Available resources and the Strategic Plan will determine service levels
4. Continue to invest in the maintenance of facilities and infrastructure
5. Financial decisions will be transparent to the public

These strategies are a foundation for protecting and assessing Cypress' financial well-being. They do not provide specific solutions to arising financial challenges; rather they represent an approach to navigating important and difficult decisions necessary to address Cypress' changing cost structure and ever more scarce resources.

The strategies are comprised of policies (formal actions previously taken by the City Council) and practices (actions management and City Council undertake to promote and protect financial resiliency).

Strategy Objectives

- > Ensure Cypress provides necessary services to the community and remains financially resilient
- > Allow time to affect change and adapt to financial challenges
- > Enhance transparency and encourage community involvement
- > Create methods to analyze the costs and benefits of services over the long-term
- > Help the City Council, City Management, the community, and employee associations balance competing demands for scarce resources

Reflecting the city's limited ability to control revenues, the objectives focus on service levels, efficiencies, expenditures control, and performance measure-based evaluation of programs and services.

Fiscal Strategies

1. The Budget will be balanced and focus on long-term sustainability

Policies

- 1.1. The Budget presented to City Council will be balanced (current year revenues fund current year operating expenses)

Practices

- 1.2. Reserves (excluding amounts accumulated for capital projects or capital outlay) will only be used to address extraordinary, short-term circumstances
- 1.3. The Budget will include a Five-Year Financial Projection
- 1.4. Ongoing operations will be funded with ongoing revenues
- 1.5. Expenditure growth will be limited to essential/necessary increases
- 1.6. Fees will be evaluated annually to identify the full cost of providing services
- 1.7. Sales tax revenue budgeted to support City operations will be estimated using a baseline calculation to manage risk and volatility. The baseline calculation will incorporate a four-year average¹ of sales tax revenues and be reviewed (and adjusted if necessary) annually. Revenues above the baseline will be available for one-time expenditures. When sales tax revenues are projected to decrease, the baseline calculation approach may be supplanted with a more conservative projection methodology.
- 1.8. New programs/services must be revenue neutral, resulting in no impact to fund balance in the General Fund
- 1.9. Performance measures will be presented in the Budget and used to evaluate the effectiveness of programs and services
- 1.10. "Mini-financial statements" will identify the net costs of revenue generating programs and services
- 1.11. Pension trust investments will be reviewed annually to determine if adjustments to the investments or deposits/withdrawals are warranted

2. Reserves and fund balances will be maintained prudently

Policies

- 2.1. The City will maintain the following contingency reserves:
 - Reserve for Economic Uncertainty. Equal to 25% of General Fund expenditures, the reserve stabilizes City services should General Fund revenues decrease by greater than 10% or estimated General Fund expenditures increase by more than 10% and when the City Council determines the City's ability to provide basic service to the community is threatened
 - Reserve for Emergency/Disaster Recovery. Equal to 30% of General Fund expenditures, the reserve pays for capital needs in response to an emergency or natural disaster and provides resources to begin recovery prior to FEMA assistance or insurance proceeds become available
- 2.2. The City will maintain fully funded replacement accounts for capital including: equipment, vehicles, and technology
- 2.3. The City will maintain fully funded internal service funds for: workers' compensation and general liability insurance; employee benefits; and central services (the ongoing maintenance of equipment, vehicles and facilities and print shop and information technology operations)
- 2.4. The City will conform to the Governmental Accounting Standards Board Fund Balance Policy Statement 54 which defines fund balance categories and creates the authority necessary to establish them

Practices

- 2.5. Maintain a \$4.5 million Stabilization Reserve designed to provide a period of adjustment should a major tax generating business relocate or cease operations or at the City Council's discretion in response to other economic shocks
- 2.6. Maintain a \$2.0 million Budget Stabilization Reserve which can be used in the short-term to assist with budget shortfalls due to forecasted financial challenges

¹ The four-year average includes projections for Proposed Budget (i.e. FY 2023-24); estimates from the current fiscal year Amended Budget (i.e. FY 2022-23), and the actual revenue in the two prior fiscal years (i.e. FY 2021-22 and FY 2020-21).

- 2.7. Fiscal year end General Fund savings or unappropriated revenues will be:
 1. Used to replenish any reserves used to fund operations during the fiscal year
 2. Transferred to internal service funds to address unfunded liabilities, including pension and retiree health liabilities. Such transferred amounts will be invested in a manner consistent with offsetting or reducing these liabilities and may include pension trust investment and additional discretionary payments to CalPERS.
 3. Transferred for future facility and infrastructure projects
- 2.8. The General Fund will maintain an unassigned fund balance sufficient to account for unforeseen revenue shortfalls or unanticipated expenditures that may arise during the fiscal year
- 2.9. The City will identify its long-term liabilities and obligations and develop policies to address them including a mitigation plan for unfunded pensions liabilities. Such pension mitigation matters include a commitment to annually contribute funding for investment in the City's pension trust and additional discretionary payments to CalPERS over and above the minimum required actuarial funding levels established by CalPERS.

3. Available resources and the Strategic Plan will determine service levels

Policies

- 3.1. The City Council will conduct Strategic Plan workshops at least twice a year
- 3.2. Programs, services, and staffing will be evaluated annually as part of the Budget process
- 3.3. Employee compensation will be competitive and sufficient to attract, motivate and retain high-quality employees committed to Cypress' success

Practices

- 3.4. The Budget will recommend programs, services and staffing using the following criteria:
 - Is it necessary for public health or safety?
 - Is it mandated by the State or Federal government?
 - Does it accomplish a Strategic Plan goal or objective?
 - Does it result in operating savings (or additional costs) in the future?
 - Is significant outside/restricted funding available?
 - Does it promote economic development?
- 3.5. Employees and employee associations are important partners and the City will engage them in the Budget process
- 3.6. The city will complete development of, and annually update, a Succession Plan
- 3.7. All staffing vacancies will be evaluated through the Succession Plan prior to a decision to fill the position

4. Continue to invest in the maintenance of facilities and infrastructure

Policies

- 4.1. Accumulated facility and infrastructure funding will be allocated through the Seven-Year Capital Improvement Program (CIP)
- 4.2. The General Fund will make minimum annual contributions of \$1.8 million for Capital Improvements. Included in the \$1.8 million will be contributions for facility and infrastructure improvements as follows:

Storm drain improvements and operations \$500,000

Facility improvements \$250,000

Additionally, \$1,050,000 will be transferred from the General Fund for either current year or future expenditures depending on availability of restricted revenues for transportation purposes and the ability to meet associated Maintenance of Effort (MOE) requirements.

Practices

- 4.3. Facilities and infrastructure will be maintained to extend their useful life
- 4.4. The infrastructure reserve will maintain a balance sufficient to construct at least 115% of the projects included in the Seven-Year CIP funded by the General Fund
- 4.5. When practical, capital projects should be financed on a pay-as-you-go basis without issuing debt

- 4.6. Capital projects will prioritize the use of restricted funds (those other than the General Fund) and seek outside funding
- 4.7. The CIP will be guided by existing infrastructure system master plans
- 4.8. Options for ongoing revenue sources to support Recreation and Park District facilities and infrastructure improvements will be identified
- 4.9. Long-term facility and infrastructure needs beyond the Seven-Year CIP will be identified

5. Financial decisions will be transparent to the public

Policies

- 5.1. The Budget, CIP, audit/Comprehensive Annual Financial Report, and financial policies will be considered by the City Council annually and available on the City’s website

Practices

- 5.2. The City Council will review the City’s finances at its regular meetings:

January	Fiscal year end, audit, and Comprehensive Annual Financial Report presentation
February	Mid-year Budget review
February/March	Reserves update and pension trust review
May/June	Budget presentation and adoption
- 5.3. Financial information will be easily accessible on the City’s website
- 5.4. Employee compensation information will be available on the City’s website
- 5.5. The City Council will receive monthly financial reports
- 5.6. The City Council will receive and file investment reports and warrants, transfers, and wires reports at its regular meetings



CITY OF CYPRESS
CITY COUNCIL REPORT

City Council Regular

4.

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 02/10/2025

SUBJECT: Adopt the FY 2025-26 Budget Calendar

RECOMMENDATION

Adopt the Fiscal Year 2025-26 budget calendar.

DISCUSSION

The City Council is required to adopt a budget for both the City and the Recreation and Park District prior to July 1 of each year. The process of creating and adopting the budget involves all departments and encompasses nearly six months from start to finish. Ongoing budget monitoring, year-end audits and financial statement preparation make budget-related matters a year-round cycle. The annual budget calendar provides a schedule of events and target dates to ensure the City Council adopts the budget before the start of the upcoming fiscal year.

The recommended budget calendar is a transparent document informing all parties involved in the budget process of the upcoming schedule. In addition to establishing when the City Council will discuss budget matters, the calendar provides a timeline and overview of the major tasks involved with the creation, monitoring and reporting of the budget.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

FY 2025-26 Budget Calendar

CITY OF CYPRESS BUDGET CALENDAR FISCAL YEAR 2025-26

January 2025

- * FY 2024-25 Mid-Year Budget update begins, including revenue and expenditure projections.
- * Budget Calendar prepared and Annual Budget process begins.

Monday, February 10, 2025

- * *FY 2024-25 Mid-Year Budget Review presented to the City Council.*
- * *FY 2025-26 Budget Calendar presented to the City Council.*

Monday, February 24, 2025

- * *Annual Comprehensive Financial Report (ACFR) and other audit reports for the Fiscal Year Ended June 30, 2024 presented to the City Council.*
- * *FY 2024-25 CIP Update presented to the City Council.*

Monday, March 24, 2025

- * *City Council Workshop providing Overview and Review of: City Council's Fiscal Strategies for Ensuring Short-Term and Long-Term Fiscal Health, City Reserves, Pension Liabilities and Pension Trust Assets*

March and April 2025

- * City Manager meets with Departments to review budget requests and performance measures.
- * Proposed budget compiled.

Thursday, May 8, 2025

- * Proposed budget and Decision Packages submitted to City Council prior to workshop.

Monday, May 12, 2025

- * *City Council workshop on FY 2025-26 proposed budget, including introduction of Seven Year Capital Improvement Program. (Additional meetings/workshops with the City Council can be scheduled if desired)*

Tuesday, May 27, 2025

- *City Council considers Technology Master Plan for FY 2025-26 through FY 2029-30.*

Monday, June 9, 2025

- * *City Council considers FY 2025-26 City and Park District Budgets incorporating any City Council changes directed at budget workshop(s).*
- * *City Council considers Seven Year Capital Improvement Program.*

Tuesday, July 1, 2025

- *Start of New Fiscal Year.*



CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular

5.

FROM: Nick Mangkalakiri, Acting Director of Public Works

DATE: 02/10/2025

SUBJECT: Approve an Agreement with Townsend Public Affairs for Myra Avenue Pump Station No. 1 Grant Opportunities

RECOMMENDATION

1. Approve a Contract Services Agreement with Townsend Public Affairs to explore funding opportunities related to Myra Avenue Pump Station No. 1, in an amount not to exceed \$20,000; and
2. Appropriate \$20,000 in the General Fund.

DISCUSSION

The City Council's Strategic Plan includes an objective to seek external funding to help offset the cost of replacing Myra Avenue Stormwater Pump Station No. 1 (5100 Myra Avenue). The existing pump station, which discharges stormwater into the Orange County Flood Control District's Carbon Creek Channel, is over 60 years old and no longer meets current design standards. Design is currently underway with construction scheduled to begin FY 2025-26, at a cost of approximately \$30 million.

Federal grants and other funding opportunities, particularly for infrastructure improvements and hazard mitigation, are often available and could provide essential support for this project. To explore potential funding sources, Public Works contacted consulting firms specializing in securing funding for major infrastructure projects, interviewed three firms, and recommends Townsend Public Affairs (TPA) as the most qualified.

TPA was established in 1998 and has a strong track record of providing legislative advocacy and infrastructure funding to a variety of agencies across California, including Anaheim, Costa Mesa, Laguna Beach, Mission Viejo, and Newport Beach. TPA will work alongside Public Works to identify, track, and pursue state and federal funds for the project, including advocating for the \$1 million request from former U.S. House Representative Michelle Steel in the FY 2025 Congressional budget.

BUDGET IMPACT

Sufficient amounts are available in the unassigned fund balance of the General Fund for the services outlined in the agreement.

LEGAL REVIEW

The City Attorney has approved the agreement as to form.

APPROVED BY: Peter Grant, City Manager

Attachments

Contract Services Agreement

CITY OF CYPRESS
AGREEMENT FOR CONTRACT SERVICES FOR
FUNDING OPPORTUNITIES FOR MYRA AVE. PUMP STATION NO. 1

THIS AGREEMENT FOR CONTRACT SERVICES (herein “Agreement”) is made and entered into this 10th day of February 2025, by and between the CITY OF CYPRESS, a California municipal corporation (“City”) and TOWNSEND PUBLIC AFFAIRS (herein “Contractor”).

NOW, THEREFORE, the parties hereto agree as follows:

1. SERVICES OF CONTRACTOR

1.1 Scope of Services. In compliance with all of the terms and conditions of this Agreement, the Contractor shall perform the work or services set forth in the “Scope of Services” attached hereto as Exhibit “A” and incorporated herein by reference. Contractor warrants that it has the experience and ability to perform all work and services required hereunder and that it shall diligently perform such work and services in a professional and satisfactory manner.

1.2 Compliance With Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental agency of competent jurisdiction.

1.3 Licenses, Permits, Fees and Assessments. Contractor shall obtain at its sole cost and expense such licenses, permits, and approvals as may be required by law for the performance of the services required by the Agreement.

1.4 Special Requirements. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the “Special Requirements” attached hereto as Exhibit “B” and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit “B” and any other provisions of this Agreement, the provisions of Exhibit “B” shall govern.

2. COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, Contractor shall be compensated in accordance with the “Schedule of Compensation” attached hereto as Exhibit “C” and incorporated herein by this reference, but not exceeding the maximum contract amount of Twenty Thousand Dollars (\$20,000) (“Contract Sum”).

2.2 Invoices. Each month Contractor shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City’s Director of Finance. By submitting an invoice for payment under this Agreement, Contractor is certifying compliance with all provisions of the Agreement. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Contractor shall not invoice City for any duplicate services performed by more than one person.

City shall independently review each invoice submitted by the Contractor to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Contractor which are disputed by City, City will use its best efforts to cause Contractor to be paid within forty-five (45) days of receipt of Contractor's correct and undisputed invoice; however, Contractor acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Contractor for correction and resubmission. Review and payment by the City of any invoice provided by the Contractor shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

2.3 Additional Services. City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Contractor, incorporating therein any adjustment in (i) the Contract Sum for the actual cost of the extra work, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Contractor. Any increase in compensation of up to ten percent (10%) of the Contract Sum but not exceeding a total contract amount of Five Thousand Dollars (\$5,000) or in the time to perform of up to ninety (90) days may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively, must be approved by the City Council. No claim for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

3. PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance. Contractor shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as Exhibit "D" and incorporated herein by this reference. When requested by the Contractor, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding thirty (30) days cumulatively.

3.3 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Contractor shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Contractor be entitled to recover damages against the City for

any delay in the performance of this Agreement, however caused, Contractor's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term. Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding one (1) year from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit "D").

4. COORDINATION OF WORK

4.1 Representative of Contractor. Christopher Townsend is hereby designated as being the representative of Contractor authorized to act on its behalf with respect to the work and services specified herein and make all decisions in connection therewith. All personnel of Contractor and any authorized agents shall be under the exclusive direction of the representative of Contractor. Contractor shall utilize only competent personnel to perform services pursuant to this Agreement. Contractor shall make every reasonable effort to maintain the stability and continuity of Contractor's staff and subcontractors, and shall keep City informed of any changes.

4.2 Contract Officer. Director of Public Works, or such person as may be designated by the City Manager, is hereby designated as being the representative the City authorized to act in its behalf with respect to the work and services specified herein and to make all decisions in connection therewith ("Contract Officer").

4.3 Prohibition Against Subcontracting or Assignment. Contractor shall not contract with any entity to perform in whole or in part the work or services required hereunder without the express written approval of the City. Neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of City. Any such prohibited assignment or transfer shall be void.

4.4 Independent Contractor. Neither the City nor any of its employees shall have any control over the manner, mode or means by which Contractor, its agents or employees, perform the services required herein, except as otherwise set forth. Contractor shall perform all services required herein as an independent contractor of City with only such obligations as are consistent with that role. Contractor shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City, or that it is a member of a joint enterprise with City.

5. INSURANCE AND INDEMNIFICATION

5.1 Insurance Coverages. The Contractor shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance which shall cover all elected and appointed officers, employees and agents of City:

(a) Commercial General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than \$1,000,000.00 per occurrence or if a general aggregate limit is used, either

the general aggregate limit shall apply separately to this contract/location, or the general aggregate limit shall be twice the occurrence limit.

(b) Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for the Contractor against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Contractor in the course of carrying out the work or services contemplated in this Agreement.

(c) Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than either (i) bodily injury liability limits of \$100,000 per person and \$300,000 per occurrence and property damage liability limits of \$150,000 per occurrence or (ii) combined single limit liability of \$1,000,000. Said policy shall include coverage for owned, non-owned, leased, hired cars, and any other automobile.

(d) Professional Liability. Professional liability insurance appropriate to the Contractor's profession. This coverage may be written on a "claims made" basis, and must include coverage for contractual liability. The professional liability insurance required by this Agreement must be endorsed to be applicable to claims based upon, arising out of or related to services performed under this Agreement. The insurance must be maintained for at least 5 consecutive years following the completion of Contractor's services or the termination of this Agreement. During this additional 5-year period, Contractor shall annually and upon request of the City submit written evidence of this continuous coverage.

(e) Additional Insurance. Policies of such other insurance, as may be required in the Special Requirements in Exhibit "B".

(f) Subcontractors. Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

5.2 General Insurance Requirements.

All of the above policies of insurance shall be primary insurance and shall name the City, elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or officers, employees or agents may apply in excess of, and not contribute with Contractor's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, officers, employees and agents and their respective insurers. The insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention. All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Contractor shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section 5.1 to the Contract Officer. No work or services under this

Agreement shall commence until the Contractor has provided the City with Certificates of Insurance, additional insured endorsement forms or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of and endorsement to all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the City's Risk Manager or other designee of the City due to unique circumstances.

5.3 Indemnification. To the full extent permitted by law, Contractor agrees to indemnify, defend and hold harmless the City, its officers, employees and agents ("Indemnified Parties") against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of Contractor, its officers, employees, agents, subcontractors, or invitees, or any individual or entity for which Contractor is legally liable ("indemnitors"), or arising from Contractor's or indemnitors' reckless or willful misconduct, or arising from Contractor's or indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, and in connection therewith:

a. Contractor will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorney's fees incurred in connection therewith;

b. Contractor will promptly pay any judgment rendered against the City, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Contractor hereunder; and Contractor agrees to save and hold the City, its officers, agents, and employees harmless therefrom;

c. In the event the City, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Contractor for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Contractor hereunder, Contractor agrees to pay to the City, its officers, agents or employees, any and all costs and expenses incurred by the City, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorney's fees.

Contractor shall incorporate similar indemnity agreements with its subcontractors and if it fails to do so Contractor shall be fully responsible to indemnify City hereunder therefore, and failure of City to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Contractor in the performance of professional

services hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of City's sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Contractor and shall survive termination of this Agreement.

6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records. Contractor shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the "books and records"), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services and shall keep such records for a period of three years following completion of the services hereunder. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records.

6.2 Reports. Contractor shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement or as the Contract Officer shall require.

6.3 Confidentiality and Release of Information.

(a) All information gained or work product produced by Contractor in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Contractor. Contractor shall not release or disclose any such information or work product to persons or entities other than the City without prior written authorization from the Contract Officer.

(b) Contractor shall not, without prior written authorization from the Contract Officer or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Contractor gives the City notice of such court order or subpoena.

(c) If Contractor provides any information or work product in violation of this Agreement, then the City shall have the right to reimbursement and indemnity from Contractor for any damages, costs and fees, including attorney's fees, caused by or incurred as a result of Contractor's conduct.

(d) Contractor shall promptly notify the City should Contractor be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder. The City retains the right, but has no obligation, to represent Contractor or be present at any deposition, hearing or similar

proceeding. Contractor agrees to cooperate fully with the City and to provide the City with the opportunity to review any response to discovery requests provided by Contractor.

6.4 Ownership of Documents. All studies, surveys, data, notes, computer files, reports, records, drawings, specifications, maps, designs, photographs, documents and other materials (the “documents and materials”) prepared by Contractor in the performance of this Agreement shall be the property of the City and shall be delivered to the City upon request of the Contract Officer or upon the termination of this Agreement, and Contractor shall have no claim for further employment or additional compensation as a result of the exercise by the City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Moreover, Contractor with respect to any documents and materials that may qualify as “works made for hire” as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed “works made for hire” for the City.

7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law. This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Orange, State of California. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of Orange, State of California.

7.2 Disputes; Default. In the event that Contractor is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Contractor for any work performed after the date of default. Instead, the City may give notice to Contractor of the default and the reasons for the default. The notice shall include the timeframe in which Contractor may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, if circumstances warrant. During the period of time that Contractor is in default, the City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices. If Contractor does not cure the default, the City may take necessary steps to terminate this Agreement under this Article.

7.3 Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Contractor shall file a statutory claim pursuant to Government Code Sections 905 et. seq. and 910 et. seq., in order to pursue any legal action under this Agreement.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

7.4 Termination Prior to Expiration of Term. This Section shall govern any termination of this Contract except as specifically provided in the following Section for

termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon written notice to Contractor. In addition, the Contractor may terminate this Contract at any time for cause, upon sixty (60) days' advance written notice to City. Upon receipt of any notice of termination, Contractor shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Contractor has initiated termination, the Contractor shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer. In the event the Contractor has initiated termination, the Contractor shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder, but not exceeding the compensation provided therefore in the Schedule of Compensation Exhibit "C". In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

7.5 Termination for Default of Contractor. If termination is due to the failure of the Contractor to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Contractor shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Contractor for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

8. MISCELLANEOUS

8.1 Covenant Against Discrimination. Contractor covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry, or other protected class in the performance of this Agreement. Contractor shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry, or other protected class

8.2 Non-liability of City Officers and Employees. No officer or employee of the City shall be personally liable to the Contractor, or any successor in interest, in the event of any default or breach by the City or for any amount, which may become due to the Contractor or to its successor, or for breach of any obligation of the terms of this Agreement.

8.3 Notice. Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer (with her/his name and City title), City of Cypress, 5275 Orange Avenue, Cypress, California 90630 and in the case of the Contractor, to the person(s) at the address designated on the execution page of this Agreement. Either party may change its address by notifying the other party of the change of address in writing.

Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

8.4 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

8.5 Severability. In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

8.6 Waiver. No delay or omission in the exercise of any right or remedy by non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

8.7 Attorney's Fees. If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which any be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees, whether or not the matter proceeds to judgment.

8.8 Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

8.9 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

8.10 Warranty & Representation of Non-Collusion. No official, officer, or employee of City has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of City participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interests found to be "remote" or "noninterests"

pursuant to Government Code Sections 1091 or 1091.5. Contractor warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any City official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Contractor further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any City official, officer, or employee, as a result of consequence of obtaining or being awarded any agreement. Contractor is aware of and understands that any such act(s), omission(s) or other conduct resulting in such payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Contractor's Authorized Initials _____

8.11 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

[Signatures on the following page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first-above written.

CITY:

City of Cypress, a municipal corporation

Peter Grant, City Manager

ATTEST:

Alisha Farnell, City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

Fred Galante, City Attorney

CONTRACTOR:

Townsend Public Affairs

By: _____
Name: Christopher Townsend
Title: President

By: _____
Name:
Title:

Address: 1401 Dove Street, Suite 430
Newport Beach, CA 92660

EXHIBIT “A”

SCOPE OF SERVICES

Townsend Public Affairs (TPA) will utilize the following strategic and comprehensive approach to identify and provide grant writing services to the City:

- **Initial Consultation and Project Assessment:** TPA utilizes a comprehensive onboarding process that includes extensive meetings with various relevant members of the City’s leadership and key City departments to identify projects suitable for the State Budget and Community Project Funding processes. TPA will provide feedback and craft a strategic plan tailored to satisfy the needs of the City and is designed for maximum success in the current political and funding environment.
- **Craft Strategic Funding Plan:** Utilizing the information gathered during the onboarding process, TPA will coordinate with the City to develop a proactive and comprehensive strategic funding plan that serves the needs of the City’s priorities. The plan will do more than simply identify projects; it will ensure that the City is positioned as competitively as possible to secure State Budget and Community Project Funding.
- **Project Vetting:** To increase chances of success, TPA will bring the strategic funding plan and project goals to the City’s State and Congressional delegations early in the process to determine which projects the representatives may be most likely to support. If required, information acquired during these meetings will be used to adjust the strategic funding plan accordingly.
- **Application Drafting and Submission:** In coordination with the City, TPA will conduct necessary research, draft narrative portions of the State Budget and Community Project Funding applications, complete account-specific questionnaires required to demonstrate state and federal nexus, and ensure the applications are submitted to each member of the City’s state and federal delegation before the deadline. TPA will also work with the City to demonstrate community support by securing letters of support from local elected officials and community groups.
- **Post Submittal Advocacy:** TPA will frequently contact legislators to follow up on the status of funding requests and promote the need and urgency of the City’s projects. Additionally, TPA will respond to all requests for additional information requested by legislators and appropriators. If a project is selected by a State Legislator or Member of Congress and submitted to the relevant committee for review, TPA will continue this process to ensure the project remains intact throughout the entire legislative process.
- **Provide Progress Reports:** TPA will confer regularly with the City on the status of State Budget and Federal Community Project Funding through written correspondence, phone calls, and in-person meetings, if requested.

- Prepare and File Lobbying Disclosure Reports: TPA will prepare and file, on behalf of the City, all applicable state and federal lobbying disclosure reports.
- Post Award Guidance and Agency Coordination: TPA will monitor timing and outreach by relevant federal agencies to execute the award contract, advise on process and requirements, and assist with any issues that may arise during this process.

EXHIBIT “B”

SPECIAL REQUIREMENTS (Superseding Contract Boilerplate)

Section 2.3 shall be amended to read as follows:

- I. **2.3 Additional Services.** City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in a particular Agreement, as defined in Exhibit “A,” or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Contractor, incorporating therein any adjustment in (i) the Contract Sum for the actual costs of the extra work, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Contractor. Any increase in compensation up to the amount authorized by the City Manager (“Contract Contingency”); or, in the time to perform of up to one hundred eighty (180) days, may be approved by the Contract Officer. Any increases which would exceed a total contract amount of Fifty Thousand (\$50,000), taken either separately or cumulatively, must be approved by the City Council. It is expressly understood by Contractor that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services. Contractor hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Contractor anticipates and that Contractor shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other contractors. No claims for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

EXHIBIT “C”

SCHEDULE OF COMPENSATION

Townsend Public Affairs will provide the following for a fixed fee not to exceed \$20,000:

- Initial Consultation and Project Assessment
- Craft Strategic Funding Plan
- Project Vetting
- Application Drafting and Submission
- Post Submittal Advocacy
- Provide Progress Reports
- Prepare and File Lobbying Disclosure Reports
- Post Award Guidance and Agency Coordination

EXHIBIT “D”

SCHEDULE OF PERFORMANCE

Work will commence following issuance of a Notice of Proceed from the Contract Officer. The scope of work relating to the Federal and State budget requests will last for the duration of the project funding process, from initial preparation of submittal materials and advocacy efforts, through the authorization of the Budget.



CITY OF CYPRESS
CITY COUNCIL REPORT

City Council Regular

6.

FROM: Nick Mangkalakiri, Acting Director of Public Works
DATE: 02/10/2025
SUBJECT: Approve the Dedication Plaque for Arnold Cypress Park

RECOMMENDATION

Approve the dedication plaque for Arnold Cypress Park.

DISCUSSION

In November 2023, City Council awarded a construction contract to rebuild Arnold Cypress Park. The project is on schedule for completion this spring.

There will be a brass dedication plaque commemorating the project that is 20 inches wide by 18 inches high. The design is similar to the one at Lexington Park. The plaque recognizes current and past Council Members who were instrumental to the project, as well as the architect, contractor, and construction manager (see attached). A decorative pilaster will display the dedication plaque next to the flag pole in the park's central plaza.

BUDGET IMPACT

The estimated cost of the brass plaque is \$4,500. There are sufficient amounts available within the project budget to pay for the plaque.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Dedication Plaque



CITY OF CYPRESS

ARNOLD CYPRESS PARK

MAY 2025

DAVID BURKE, MAYOR
LEO MEDRANO, MAYOR PRO TEM
KYLE CHANG, COUNCIL MEMBER
SCOTT MINIKUS, COUNCIL MEMBER
BONNIE PEAT, COUNCIL MEMBER

With recognition of the contribution of former Council Members
STACY BERRY, ROB JOHNSON, ANNE MALLARI,
FRANCES MARQUEZ, PAULO MORALES,
JON PEAT, AND MARIELLEN YARC

Peter Grant, City Manager
Jeff Draper, Director of Recreation and Community Services
Nick Mangkalakiri, Director of Public Works

Los Angeles Engineering, Inc. - Contractor
Griffin Structures, Inc. - Construction Manager
Moore Iacofano Goltsman (MIG) Inc. - Designer



CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular

7.

FROM: Nick Mangkalakiri, Acting Director of Public Works

DATE: 02/10/2025

SUBJECT: Approve Plans and Specifications and Award Contracts for Sewer System Improvements, Project 385

RECOMMENDATION

1. Approve Plans and Specifications for Sewer System Improvements, Project 385; and
2. Award a contract to Sancon Technologies Inc. for \$244,460, and authorize a contingency of \$36,700; and
3. Approve a Task Order for Construction Management and Inspection Services to FCG Consultants Inc., for \$33,211.52 and authorize a contingency of \$5,000; and
4. Appropriate \$193,578 in the Sewer Fund for the Sewer System Improvements, Project 385.

DISCUSSION

The Capital Improvement Program includes an annual project to improve various sewer pipes with capacity or condition deficiencies as identified in the City's Sewer Master Plan. The FY 2024-25 project includes relining 357 feet of sewer pipe on Lincoln Avenue, while the FY 2025-26 project proposes relining an additional 337 feet of adjacent sewer pipe on Lincoln Avenue. Public Works recommends consolidating the two projects due to their location, economies of scale, and to minimize construction impacts on nearby residents and businesses. The consolidated project will reline approximately 694 feet of sewer pipes and four manhole structures along Lincoln Avenue. The deficiencies in these pipes include calcium deposits, water infiltration, and cracks. Construction is anticipated to start in April and will last approximately four weeks.

The construction bids for sewer improvements have risen by more than fifty percent compared to the previous fiscal year. Consolidating the two projects will reduce construction costs by avoiding redundant mobilization, traffic control, and sewer bypass expenses. Public Works continues to see an increase in all construction costs and trends are unlikely to change due to ongoing market uncertainty.

On October 23, 2024, the City received one bid for the project from Sancon Technologies. FCG Consultants, one of the City's on-call construction management firms, will inspect the project. A summary of project award information is attached.

The total project cost for both locations exceeds the amount budgeted in FY 2024-25 due to the increased project scope. Sufficient fund balance amounts are available in the Sewer Fund to cover the additional project costs.

BUDGET IMPACT

The FY 2024-25 Capital Improvement Program includes a budget of \$150,000 for the project. Total estimated project costs, including construction, inspection, and in-house labor, will not exceed \$343,578 and restricted fund balance amounts are available in the Sewer Fund to pay the \$193,578 budget shortfall.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Project Award Information
Task Order

Project Award Information Checklist

Description of Project:

This project will reline approximately 694 linear feet of sewer pipe and four manholes along Lincoln Ave.

Contract Working Days: 20 working days

**Orange County Register
Publication Date:** October 9 and October 16, 2024

Notice Inviting Bids Sent to: CIPList.com, The Orange County Register, McGraw-Hill Construction, NCE, AGC Plan Room, Construct Connect, Construction Market Data, PWXPress, AGC Plan room, Vortex Services and Construction Bid Source.

Bid Opening Date: October 23, 2024

No. of Bid Packets Downloaded: 22

Bidders	Base Bid	Alternate A	Base Bid + Alt A
1. Sancon Technologies Inc.	\$125,370	\$119,090	\$244,460

Apparent Low Bidder: Sancon Technologies Inc., Huntington Beach, CA – \$244,460.00

Qualified to Perform Work: Yes. Staff confirmed bid was responsive.

Contractor's License:

Valid at Time of Award: Yes

Valid at Time of Bid: Yes

Registration with DIR:

Contractor: Yes

Sub-Contractor: Yes

Experience:

The apparent low bidder has performed this type of work for multiple government agencies in Southern California.

**Construction
Management/Inspection Firm:** FCG Consultants, Inc.

On-Call Contract Date: July 1, 2024

Amount of Task Order: \$33,211.52



October 23, 2024

Mr. Daniel Co, P.E.
Assistant City Engineer
City of Cypress
Public Works Engineering

SUBJECT: PROPOSAL TO PROVIDE CONSTRUCTION MANAGEMENT (OPTIONAL) AND CONSTRUCTION INSPECTION FOR THE SEWER SYSTEM IMPROVEMENTS PROJECT NO. 385.

Dear Mr. Co,

FCG Consultants, Inc. is please to present our proposal to the City of Cypress to provide professional Construction Management, Construction Inspection, and Materials Testing for the Sewer System Improvements Project No. 385 in accordance with Attachment "A" - Scope of Services and Attachment "B" – Schedule of Compensation. All work will be completed pursuant to the City of Cypress On-Call Construction Management and Inspection Services Contract dated July 1, 2024.

We look forward to partnering with the City on this project. If there are any questions regarding this proposal, please contact me at (714) 312-0317 or maha.fakhouri@fcgconsultants.com with any questions you may have.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Maha Fakhouri'.

Maha Fakhouri
President / CEO

ATTACHMENT “A” SCOPE OF SERVICES

Construction Management (Optional):

- Preconstruction services including pre-job meeting, coordination, and establishing construction processes (RFI, Change Order, Work Schedule, progress pay, maintaining as-builts, etc.)
- Construction progress/coordination including weekly meetings, monitoring schedule, project budget, project RFIs, change orders, progress payments, monitor stormwater BMPs, and special meetings as required.
- Utility coordination, monitoring of construction schedules, shop drawing review, submittal review, public notification, public complaint resolution, traffic coordination, coordination with other City departments, interpretation of PSE, analysis of changed conditions, development of corrective actions, negotiation of change orders, and other related services.
- Provide project inspection, field visits, pre-construction job walks, emergency and night inspections, coordinate testing, and conduct observation to ensure adherence to project plans and specifications and provide QA/QC.
- Document tracking and control including RFIs, submittals, change orders, correspondence, field orders, project schedules, weekly statement of working days, progress payments, meeting agendas & minutes, progress reports, test results, claims, inspection daily logs, time & material reporting, photo records, and project closeout.

Construction Inspection:

- Represent the City's interests with the overall construction inspection of this project.
- Monitor the Contractor's compliance with the project contract, specifications, and National Pollutant Discharge Elimination System (NPDES).
- Assist the City staff with public relations, including distributing construction notices and responding to inquiries of residents and the general public.
- Attend the preconstruction meeting and subsequent weekly field meetings, as needed.
- Assist the City's Construction Manager in monitoring and documenting the Contractor's adherence to the approved construction schedule.
- Be present on the job site when construction is in progress and when inspection is required. Full-time or Part-time inspection work is proposed as requested by the City.
- Provide assistance and direction to technicians performing material tests, as needed.
- Measure and verify the project pay item quantities in place. All pay item quantities must be confirmed with the Contractor prior to submission of the invoice for payment.
- Review Contractor's invoices.
- Prepare daily inspection reports (Daily Activity Reports, Weekly Statement of Working Days, etc.).
- Review Traffic Control and coordinate adjustments as needed.
- Identify items requiring correcting action by either the Contractor or the City. Monitor and document timely corrective actions implemented by the Contractor.
- Develop punch list items and monitor corrections made.

**ATTACHMENT “B”
SCHEDULE OF COMPENSATION**

City of Cypress
CM & Inspection for
Sewer System
Improvements Project 385
20 Working Days Construction Duration

Role / Name			Extended Fee
	Total Hours	Hourly Rate	
Construction Manager (Optional)	20	\$229.68	\$4,593.60
Construction Inspector – Pre-con to Closeout	80	\$149.29	\$11,943.20
Office Engineer (Optional)	20	\$103.36	\$2,067.20
Materials Testing			\$14,607.52
Total Estimated Fee			\$33,211.52

Exclusions to Scope of Services and Fees:

- Nighttime / Weekend inspection and weekday hours in excess of a part-time 4-hour shift that would be subject to overtime pay, unless so authorized in writing by the City.
- Special Inspections.



CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular

8.

FROM: Mark Lauderback, Chief of Police

DATE: 02/10/2025

SUBJECT: Approve an Agreement for Alarm Permit and False Alarm Management Services

RECOMMENDATION

Approve a contract to Alarm Program Systems, LLC for Alarm Permit and False Alarm Management Services.

DISCUSSION

The Municipal Code requires residents and businesses to register alarm systems with the Police department and obtain a permit. The City contracts for the administration of alarm permits and false alarm management. The alarm management program reduces false alarms by encouraging alarm owners to register alarm systems, maintain their alarm systems, and take measures to reduce false alarms. It also contributes to Police Officer safety by making more information about a call and location available to dispatchers.

A Request for Proposals (RFP) was issued in October and two proposals were received. Alarm Program Systems, LLC (APS) is recommended to continue to manage billings and collections under a three-year agreement with the option for two, one-year extensions at the City's discretion. APS is located in northern California and provides services to 60 public agencies, including the cities of Fullerton, Culver City, and Gardena. They have managed Cypress' program for the past five years. APS receives 18% of program revenues (net of up to \$5,000 of annual direct program costs) for administering the program.

BUDGET IMPACT

The alarm management program, including false alarm fines, has historically generated revenues of approximately \$140,000 annually. APS will receive 18 percent of these revenues net of direct program costs. There are sufficient amounts included in the FY 2024-25 Budget to provide these services for the balance of the fiscal year.

LEGAL REVIEW

The City Attorney has approved the agreement as to form.

APPROVED BY: Peter Grant, City Manager

Attachments

Alarm Program Systems Contract

CITY OF CYPRESS
AGREEMENT FOR CONTRACT SERVICES FOR
ALARM PERMIT AND FALSE ALARM MANAGEMENT

THIS AGREEMENT FOR CONTRACT SERVICES (herein "Agreement") is made and entered into this ___ day of February 2025, by and between the CITY OF CYPRESS, a California municipal corporation ("City") and Alarm Program Systems, LLC, a California Limited Liability Contractor (herein "Contractor").

NOW, THEREFORE, the parties hereto agree as follows:

1. SERVICES OF CONTRACTOR

1.1 Scope of Services. In compliance with all of the terms and conditions of this Agreement, the Contractor shall perform the work or services set forth in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by reference. Contractor warrants that it has the experience and ability to perform all work and services required hereunder and that it shall diligently perform such work and services in a professional and satisfactory manner.

1.2 Compliance With Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental agency of competent jurisdiction.

1.3 Licenses, Permits, Fees and Assessments. Contractor shall obtain at its sole cost and expense such licenses, permits, and approvals as may be required by law for the performance of the services required by the Agreement.

1.4 Special Requirements. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the "Special Requirements" attached hereto as Exhibit "B" and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit "B" and any other provisions of this Agreement, the provisions of Exhibit "B" shall govern.

2. COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, Contractor shall be compensated in accordance with the "Schedule of Compensation" attached hereto as Exhibit "C" and incorporated herein by this reference, but not exceeding the maximum contract amount of 18% of all total alarm permit fees, renewal fees, false alarm fines, reinstatement fees, late fees or related fines collected by Contractor pursuant to this Agreement ("Contract Sum").

2.2 Invoices. Each month Contractor shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. By submitting an invoice for payment under this Agreement,

Contractor is certifying compliance with all provisions of the Agreement. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Contractor shall not invoice City for any duplicate services performed by more than one person.

City shall independently review each invoice submitted by the Contractor to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Contractor which are disputed by City, City will use its best efforts to cause Contractor to be paid within forty-five (45) days of receipt of Contractor's correct and undisputed invoice; however, Contractor acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Contractor for correction and resubmission. Review and payment by the City of any invoice provided by the Contractor shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

2.3 Additional Services. City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Contractor, incorporating therein any adjustment in (i) the Contract Sum for the actual cost of the extra work, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Contractor. Any increase in compensation of up to ten percent (10%) of the Contract Sum but not exceeding a total contract amount of Five Thousand Dollars (\$5,000) or in the time to perform of up to ninety (90) days may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively, must be approved by the City Council. No claim for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

3. PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance. Contractor shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as Exhibit "D" and incorporated herein by this reference. When requested by the Contractor, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding thirty (30) days cumulatively.

3.3 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God or of the public

enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Contractor shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Contractor be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Contractor's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term. Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding one (1) year from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit "D").

4. COORDINATION OF WORK

4.1 Representative of Contractor. Jim Huchingson is hereby designated as being the representative of Contractor authorized to act on its behalf with respect to the work and services specified herein and make all decisions in connection therewith. All personnel of Contractor and any authorized agents shall be under the exclusive direction of the representative of Contractor. Contractor shall utilize only competent personnel to perform services pursuant to this Agreement. Contractor shall make every reasonable effort to maintain the stability and continuity of Contractor's staff and subcontractors, and shall keep City informed of any changes.

4.2 Contract Officer. Chief of Police, or such person as may be designated by the City Manager, is hereby designated as being the representative the City authorized to act in its behalf with respect to the work and services specified herein and to make all decisions in connection therewith ("Contract Officer").

4.3 Prohibition Against Subcontracting or Assignment. Contractor shall not contract with any entity to perform in whole or in part the work or services required hereunder without the express written approval of the City. Neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of City. Any such prohibited assignment or transfer shall be void.

4.4 Independent Contractor. Neither the City nor any of its employees shall have any control over the manner, mode or means by which Contractor, its agents or employees, perform the services required herein, except as otherwise set forth. Contractor shall perform all services required herein as an independent contractor of City with only such obligations as are consistent with that role. Contractor shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City, or that it is a member of a joint enterprise with City.

5. INSURANCE AND INDEMNIFICATION

5.1 Insurance Coverages. The Contractor shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance which shall cover all elected and appointed officers, employees and agents of City:

(a) Commercial General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than \$1,000,000.00 per occurrence or if a general aggregate limit is used, either the general aggregate limit shall apply separately to this contract/location, or the general aggregate limit shall be twice the occurrence limit.

(b) Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for the Contractor against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Contractor in the course of carrying out the work or services contemplated in this Agreement.

(c) Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than either (i) bodily injury liability limits of \$100,000 per person and \$300,000 per occurrence and property damage liability limits of \$150,000 per occurrence or (ii) combined single limit liability of \$1,000,000. Said policy shall include coverage for owned, non-owned, leased, hired cars, and any other automobile.

(d) Professional Liability. Professional liability insurance appropriate to the Contractor's profession. This coverage may be written on a "claims made" basis, and must include coverage for contractual liability. The professional liability insurance required by this Agreement must be endorsed to be applicable to claims based upon, arising out of or related to services performed under this Agreement. The insurance must be maintained for at least 5 consecutive years following the completion of Contractor's services or the termination of this Agreement. During this additional 5-year period, Contractor shall annually and upon request of the City submit written evidence of this continuous coverage.

(e) Additional Insurance. Policies of such other insurance, as may be required in the Special Requirements in Exhibit "B".

(f) Subcontractors. Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

5.2 General Insurance Requirements.

All of the above policies of insurance shall be primary insurance and shall name the City, elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or officers, employees or agents may apply in excess of, and not contribute with Contractor's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, officers, employees and agents and their respective insurers. The insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention. All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Contractor shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section 5.1 to the Contract Officer. No work or services under this Agreement shall commence until the Contractor has provided the City with Certificates of Insurance, additional insured endorsement forms or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of and endorsement to all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the City's Risk Manager or other designee of the City due to unique circumstances.

5.3 Indemnification. To the full extent permitted by law, Contractor agrees to indemnify, defend and hold harmless the City, its officers, employees and agents ("Indemnified Parties") against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of Contractor, its officers, employees, agents, subcontractors, or invitees, or any individual or entity for which Contractor is legally liable ("indemnitors"), or arising from Contractor's or indemnitors' reckless or willful misconduct, or arising from Contractor's or indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, and in connection therewith:

a. Contractor will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorney's fees incurred in connection therewith;

b. Contractor will promptly pay any judgment rendered against the City, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Contractor hereunder; and Contractor agrees to save and hold the City, its officers, agents, and employees harmless therefrom;

c. In the event the City, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Contractor for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Contractor hereunder, Contractor agrees to pay to the City, its officers, agents or employees, any and all costs and expenses incurred by the City, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorney's fees.

Contractor shall incorporate similar indemnity agreements with its subcontractors and if it fails to do so Contractor shall be fully responsible to indemnify City hereunder therefore, and failure of City to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Contractor in the performance of professional services hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of City's sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Contractor and shall survive termination of this Agreement.

6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records. Contractor shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the "books and records"), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services and shall keep such records for a period of three years following completion of the services hereunder. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records.

6.2 Reports. Contractor shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement or as the Contract Officer shall require.

6.3 Confidentiality and Release of Information.

(a) All information gained or work product produced by Contractor in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Contractor. Contractor shall not release or disclose any such information or work product to persons or entities other than the City without prior written authorization from the Contract Officer.

(b) Contractor shall not, without prior written authorization from the Contract Officer or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Contractor gives the City notice of such court order or subpoena.

(c) If Contractor provides any information or work product in violation of this Agreement, then the City shall have the right to reimbursement and indemnity from Contractor for any damages, costs and fees, including attorney's fees, caused by or incurred as a result of Contractor's conduct.

(d) Contractor shall promptly notify the City should Contractor be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder. The City retains the right, but has no obligation, to represent Contractor or be present at any deposition, hearing or similar proceeding. Contractor agrees to cooperate fully with the City and to provide the City with the opportunity to review any response to discovery requests provided by Contractor.

6.4 Ownership of Documents. All studies, surveys, data, notes, computer files, reports, records, drawings, specifications, maps, designs, photographs, documents and other materials (the "documents and materials") prepared by Contractor in the performance of this Agreement shall be the property of the City and shall be delivered to the City upon request of the Contract Officer or upon the termination of this Agreement, and Contractor shall have no claim for further employment or additional compensation as a result of the exercise by the City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Moreover, Contractor with respect to any documents and materials that may qualify as "works made for hire" as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed "works made for hire" for the City.

7. **ENFORCEMENT OF AGREEMENT AND TERMINATION**

7.1 California Law. This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Orange, State

of California. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of Orange, State of California.

7.2 Disputes; Default. In the event that Contractor is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Contractor for any work performed after the date of default. Instead, the City may give notice to Contractor of the default and the reasons for the default. The notice shall include the timeframe in which Contractor may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, if circumstances warrant. During the period of time that Contractor is in default, the City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices. If Contractor does not cure the default, the City may take necessary steps to terminate this Agreement under this Article.

7.3 Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Contractor shall file a statutory claim pursuant to Government Code Sections 905 et. seq. and 910 et. seq., in order to pursue any legal action under this Agreement.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

7.4 Termination Prior to Expiration of Term. This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon written notice to Contractor. In addition, the Contractor may terminate this Contract at any time for cause, upon sixty (60) days' advance written notice to City. Upon receipt of any notice of termination, Contractor shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Contractor has initiated termination, the Contractor shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer. In the event the Contractor has initiated termination, the Contractor shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder, but not exceeding the compensation provided therefore in the Schedule of Compensation Exhibit "C". In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

7.5 Termination for Default of Contractor. If termination is due to the failure of the Contractor to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Contractor shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Contractor for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

8. MISCELLANEOUS

8.1 Covenant Against Discrimination. Contractor covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry, or other protected class in the performance of this Agreement. Contractor shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry, or other protected class

8.2 Non-liability of City Officers and Employees. No officer or employee of the City shall be personally liable to the Contractor, or any successor in interest, in the event of any default or breach by the City or for any amount, which may become due to the Contractor or to its successor, or for breach of any obligation of the terms of this Agreement.

8.3 Notice. Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer (with her/his name and City title), City of Cypress, 5275 Orange Avenue, Cypress, California 90630 and in the case of the Contractor, to the person(s) at the address designated on the execution page of this Agreement. Either party may change its address by notifying the other party of the change of address in writing. Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

8.4 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

8.5 Severability. In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties

hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

8.6 Waiver. No delay or omission in the exercise of any right or remedy by non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

8.7 Attorney's Fees. If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which any be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees, whether or not the matter proceeds to judgment.

8.8 Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

8.9 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

8.10 Warranty & Representation of Non-Collusion. No official, officer, or employee of City has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of City participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interests found to be "remote" or "noninterests" pursuant to Government Code Sections 1091 or 1091.5. Contractor warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any City official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Contractor further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any City official, officer, or employee, as a result of consequence of obtaining or being awarded any agreement. Contractor is aware of and understands that any such act(s), omission(s) or other conduct resulting in such payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

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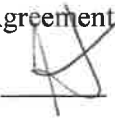
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Contractor's Authorized Initials 

8.11 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first-above written.

CITY:

City of Cypress, a municipal corporation

David Burke, Mayor

ATTEST:

Alisha Farnell, City Clerk

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

Fred Galante, City Attorney

CONTRACTOR:

Alarm Program Systems, LLC, a limited liability Contractor

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Address: 367 Civic Drive, Suite 10
Pleasant Hill, CA 94523

EXHIBIT "A"

SCOPE OF SERVICES

Contractor shall, consistent with Cypress' Municipal Code (Chapter 20, Article IV. Alarm Systems), as amended from time to time, ("Alarm Ordinance") provide, operate, and maintain City's Alarm Management Program. In connection therewith, Contractor is responsible for developing, providing, installing, operating, and maintaining the system necessary to communicate with City, its Police Department, and those members of its citizenry affected by the Alarm Ordinance. As used herein, the term "Contractor's system" shall mean the equipment, including, but not limited to computer hardware and software, as well as the personnel and supplies necessary to carry out and operate City's Alarm Management Program and perform Contractor's duties and obligations articulated in the Alarm Management Service Agreement

More specifically, Contractor shall provide a system capable of performing, producing and otherwise generating the following outcomes:

1. System interface. Contractor's system shall enable Contractor to communicate with the various City departments necessary for the effective performance of City's Alarm Management Program, including, but not limited to, City's Police Department.

2. System Capability, Functionality. Contractor's system, in addition to interfacing with City's departments, and as described with more particularity in the paragraphs that follow, shall acquire, access, assimilate, produce, record and store data relevant to the operation of City's Alarm Management Program; generate and issue notices, permits and billing statements; track accounts receivables, and generate reports as more particularly described below.

3. Billing and Collection.

a. Contractor's system shall perform billing and payment collection functions consistent with the terms of the City's Municipal Code. Except as otherwise provided herein, Contractor will generate billing statements that include the following details:

- i. The name and mailing address of the individual or business billed;
- ii. The nature of the bill (i.e. initial registration, permit renewal, excess alarm fee);
- iii. Previous amount due;
- iv. New charges;
- v. Payments received (and/or other adjustments);
- vi. The current amount due;
- vii. The date payment is due; and
- viii. A telephone number with instructions to call should the individual or business have questions about its bill.

Additionally, billing statements shall include a detachable form to be remitted with payment.

b. Contractor's system will provide customers with the ability to make payment on-line or by mail. On-line payments shall be by credit card or by ACH. Credit card payments shall be processed through a secure site and payments by mail shall be delivered to a Post Office Box maintained and managed by Contractor.

c. Contractor's system shall track the occurrence of each incomplete payment brought about by customer's initiation of a stop payment order, chargeback, or delivery of a bad check of any kind, as well as the fee, if any, associated with each such occurrence. Contractor's system shall add any such fee assessed or otherwise incurred to the balance due from such customer and subsequently deliver a new bill to customer.

4. Records. In addition to the information necessary for the production of billing statements under paragraph 3 above, Contractor's system shall maintain the records necessary for operation of City's Alarm Management Program, including records of the following information:

- i. Current customers, including name, mailing address, issue date of original registration, registration expiration date, annual registration renewal date, registration number, type of registration (residential or commercial), contact person and telephone number;
- ii. Registration number assigned to each customer;
- iii. Amount due from each customer;
- iv. Customer payment status (current or delinquent);
- v. Total customer payments received each day, each week, each month and each calendar year;
- vi. Total customer payments received broken down by payment date, payment type and registration number;
- vii. A list of customers delinquent in their payments including the amount owed by each such customer and the total amount owed by all such customers;
- viii. The total number of violations for each customer/location broken down by the hour of day, day of the week, week of the month, month of the year, and year;
- ix. A list of customers currently pursuing appeal of billing; and
- x. A list of customers who have completed the appeals process along with a description of the outcome.

5. Reports. Contractor's system shall permit the generation and production of a variety of reports based upon the entry of a variety of parameters, including, but not limited to, registration number, customer name, customer address, incident type, and date, including a range of dates. For example, Contractor's system shall possess the ability to produce the following types of reports:

- i. New alarm registrations issued and the fees collected therefor;
- ii. Total number of annual registration renewals billed, including the total dollar amount cited and the total dollar amount collected;
- iii. Total number of false alarms by type (i.e. burglar or robbery) and by category (registered or non-registered customer);

- iv. Total number of false alarms billed for each type and category as well as the fees collected therefor;
- v. A list of registrations by customer name, site address, registration number, and/or alarm Contractor;
- vi. A list of the total dollar amount of charges billed, total dollar amount received, and total dollar amount of charges outstanding; and
- vii. Activity reports illustrating registrations (original and renewal), renewal notifications, billing and collections, as well as false alarm incidents.

6. Additional Functions. Contractor's system shall be equipped to perform the following functions:

- i. Generate and assign registration numbers automatically;
- ii. Generate, print and deliver registrations;
- iii. Generate, print and deliver billing statements and renewal notices;
- iv. Generate, print and deliver notices of non-compliance to non-registered alarm users;
- v. Generate, print and deliver notices of excessive false alarms to registered alarm users;
- vi. Generate, print and deliver notices and billing statements to non-registered alarm users who trigger false alarms;
- vii. Establish and maintain a directory of alarm companies providing service within the geographical boundaries of City, including in said directory, Alarm Contractor name, address, telephone number, and contact person;
- viii. Provide a link to applicable sections of the City's Municipal Code.

7. Additional Obligations. In addition to any other obligations contained in this Agreement, Contractor shall, during the term of this Agreement, perform the following obligations:

- i. Maintain Contractor's equipment in good working order to help ensure uninterrupted operation of City's Alarm Management Program;
- ii. Take reasonable steps to protect Contractor's computer system against infection and for corruption by means of virus, worm, or any similar invader;
- iii. Maintain a telephone number that individuals may call to speak with someone about the specific details of their bill or to ask about the alarm permit program generally;
- iv. Provide training to those City employees engaged in the operation and/or oversight of City's Alarm Management Program; and
- v. Provide the personnel necessary to carry out and perform the duties and obligations of Contractor as described in the Alarm Management Service Agreement.

EXHIBIT “B”

SPECIAL REQUIREMENTS
(Superseding Contract Boilerplate)

I. Section 3.4 shall be amended to read as follows:

3.4 Term. Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect from and after February __, 2025 and for thirty-six (36) consecutive calendar months thereafter. City reserves the right, in its sole and unfettered discretion, to extend the Term of this Agreement, upon the same terms and conditions set forth herein, for up to a maximum of two (2), one (1) year extended terms (an “Extended Term”). City shall exercise its right to extend the Term of the Agreement by providing Contractor with written notice of its intent to extend the Term or any Extended Term of this Agreement not less than forty-five (45) calendar days prior to the expiration of the Term or any Extended Term of this Agreement.

EXHIBIT "C"

SCHEDULE OF COMPENSATION

Contractor and City acknowledge the terms of this Agreement relating to the Contractor's compensation were negotiated and established based upon current City ordinances and fee schedules applicable to alarm permits in effect on the effective date of this Agreement. In the event there is a change in any of the fees during the term of this Agreement, as extended from time to time, Contractor and or City shall have the right to request modification of this Agreement's compensation terms. Contractor and or City shall notify the other Party, in writing, of the desire to negotiate new compensation terms and each Party shall engage in good faith negotiations regarding same.

All revenues generated and collected by and/or on behalf of the City during the term of this Agreement shall be divided among the Parties as follows:

CITY 82%, CONTRACTOR 18%

This revenue split will be based on total permit fees, renewal fees, false alarm fines, reinstatement fees, late fees or related fines collected by Contract for City.

Contractor shall be solely responsible for the payment of any one-time costs, including, but not limited to, any costs relating to implementation, data conversion, technical support, hardware, and training. Program costs from postage, mailing materials, credit card processing fees and banking fees will be paid from gross alarm program revenues prior to the agreed upon split. These costs will be itemized on each monthly reconciliation statement and will not exceed \$5,000 in any given contract year.

Payment System:

Contractor will reconcile, on the first of each month, the previous month's deposits. Based on each monthly reconciliation, Contractor will invoice City showing all revenues collected and invoices paid. Once the invoice is approved by City, an ACH request would be made and the City's portion of the revenue shall be deposited to the City's designated bank within 5 days of City's approval of such invoice.

EXHIBIT “D”

SCHEDULE OF PERFORMANCE

Refer to Exhibit “A” for Details