



FINANCE COMMITTEE AGENDA

Tuesday, August 29, 2017

8:30 AM

Executive Conference Room, Level Three
Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

MEMBERS: Council Member Christine Marick and Council Member Marty Simonoff
ALTERNATE: Mayor Cecilia Hupp

Materials related to an item on this agenda submitted to the Finance Committee after distribution of the agenda packet are available for public inspection in the third floor lobby of the Civic and Cultural Center at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

CALL TO ORDER / ROLL CALL

1. Matters from the Audience

CONSENT

2. Approval of Minutes of August 8, 2017 Meeting

Attachments

Minutes

3. Agreement with Brea Olinda Unified School District for Building Utilities and Services

Attachments

Agreement

DISCUSSION

4. Meeting with Vavrinek, Tryne, Day & Co, LLP Pursuant to Statement on Auditing Standards (SAS) No. 114

Attachments

NOTE: This agenda is subject to amendments up to 72 hours prior to the meeting date.

Audit Planning Letter

5. Schedule Next Meeting: September 12, 2017

cc: Mayor Pro Tem Glenn Parker
Council Member Steven Vargas

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 990-7757. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

City of Brea

FINANCE COMMITTEE COMMUNICATION

FROM: Bill Gallardo

DATE: 08/29/2017

SUBJECT: Approval of Minutes of August 8, 2017 Meeting

Attachments

Minutes



FINANCE COMMITTEE MINUTES

Tuesday, August 8, 2017

8:30 AM

Executive Conference Room, Level Three

Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

CALL TO ORDER / ROLL CALL

ATTENDEES: Council Member Christine Marick, Council Member Marty Simonoff, David Crabtree, Tony Olmos, Cindy Russell, Kathie DeRobbio, Randy Hornsby, Steve Kooyman, Faith Madrazo, Alicia Brenner, Cliff Flaughner, Gillian Lobo, Anthony Godoy, Neil Groom and Star Haro.

1. Matters from the Audience – *None*

CONSENT

2. Approval of Minutes of July 25 Meeting – *Receive and File.*
3. Amendment No. 1 to Professional Services Agreement with EEC Environmental in the Additional Amount of \$25,000 – *Recommended for City Council approval.*
4. Software/Hardware Maintenance Support and Online Subscription Services Agreements – *Recommended for City Council approval.*
5. Tracks at Brea Segment 2 and Segment 3 Restroom, Project 7873 – Additional Project Construction Contingency – *Recommended for City Council approval.*
6. State Route 57 Replacement Planting Project along Aurora Avenue Between Greenbriar Lane and Eucalyptus Street – *Recommended for City Council approval.*
7. Consideration of Amendment No. 1 to Professional Services Agreement with Kimley-Horn and Associates, Inc. for the Preparation of an Environmental Assessment for the Hines/Brea Place Mixed-Use Development Application – *Recommended for City Council approval.*

DISCUSSION

8. Schedule Next Meeting: August 29, 2017

Meeting adjourned: 8:35 AM

cc: Mayor Cecilia Hupp
Mayor Pro Tem Glenn Parker
Council Member Steven Vargas

City of Brea

FINANCE COMMITTEE COMMUNICATION

TO: Finance Committee Members

FROM: Bill Gallardo

DATE: 08/29/2017

SUBJECT: Agreement with Brea Olinda Unified School District for Building Utilities and Services

RECOMMENDATION

Approve Agreement

BACKGROUND/DISCUSSION

The Brea Olinda Unified School District, which has occupied 9,300 square feet of office space in Brea's Civic & Cultural Center since it was built, rents the space for \$1.00 per year. In addition to its office space, the School District uses the Council Chambers twice a month for School Board Meetings and has been assigned, without additional charge, 12 reserved parking spaces on Parking Level 2 (five spaces inside on P2 and seven spaces outside.)

The current Agreement for Building Utilities and Services between the City of Brea and the Brea Olinda Unified School District was approved in 2012 and expired on June 30, 2017.

That Agreement allows for annual rate changes based on the previous 12 months' actual operating costs for the percentage of the building (7.4%) used by the School District, as calculated by the Public Works Department. During fiscal year 2016-17, the School District paid \$6,261.10 per month for maintenance and operations, which is \$8.08 per square foot annually.

At this time, it is recommended that the City enter into a new five-year Agreement with the School District for building utilities and services. Under the new Agreement, the annual maintenance and operations fee is based on the School District's percentage of the upcoming fiscal year's operating budget for the Civic Center. This budget is managed by the Public Works Department. The School District will be notified of any adjustments based on actual expenditures after September of the following year. These adjustments may result in a reimbursement to the School District for over-payment, or additional charges to the School District for under-payment.

The new five-year Agreement was reviewed and approved by the Brea Olinda Unified School District on August 16, 2017.

SUMMARY/FISCAL IMPACT

The Brea Olinda Unified School District has occupied 9,300 square feet of office space in Brea's Civic & Cultural Center since it was built. The School District pays the City for maintenance and operations charges based upon the square footage occupied. The current Agreement for building utilities and services between the City and the School District was approved in 2012 and expired on June 30, 2017. Staff is recommending that the City enter into a new agreement in order to recover costs for the next five years.

By renewing the Building Utilities and Services Agreement with the School District, the City will continue to recover actual maintenance and operations costs for the next five years.

RESPECTFULLY SUBMITTED

William Gallardo, City Manager

Prepared by: Marie Dao, Management Analyst I

Concurrence: David Crabtree, Community Development Director
Kathie DeRobbio, Economic Development Manager

Attachments

Agreement

AGREEMENT
FOR
BUILDING UTILITIES AND SERVICES

This Agreement is made and entered into by and between the CITY OF BREA, a municipal corporation ("City" hereinafter) and BREA-OLINDA UNIFIED SCHOOL DISTRICT, a unified school district ("District" hereinafter).

WITNESSETH

A. Recitals.

(i) District currently leases space in City's Civic and Cultural Center for the operation of its district education center.

(ii) City provides building utilities and services for the maintenance and operation of the Civic and Cultural Center, and the cleaning of shared spaces at the Civic and Cultural Center.

(iii) District desires to obtain building utilities and services under the terms and conditions set forth herein.

B. Agreement.

NOW, THEREFORE, in consideration of the respective agreements herein contained, the parties hereto agree as follows:

1. City shall provide to District building utilities and services.
2. City shall allow District the use of the Council Chambers two (2) times per month, not to conflict with the City's use of this facility, for School Board meetings. In lieu of the Council Chambers, the City will provide another location within the Civic and Cultural Center for the School Board meetings, based on City's need for the Council Chambers.
3. City will provide District 12 reserved parking spaces on P2 of the Civic and Cultural Center: five (5) will be interior spaces and seven (7) will be exterior spaces.
4. City and District hereby agree that any person, firm or corporation providing services hereunder shall be deemed an independent contractor and in no way shall the same be deemed an officer, employee, or agent of District.
5. It is understood and agreed by the parties hereto that no alteration or variation of the terms and provisions of the Agreement shall be valid unless such alteration or variation is made in writing and duly executed by the parties.
6. This Agreement shall be effective through, and including June 30, 2022, unless sooner cancelled or modified. The maintenance and operations charges will be adjusted on an annual basis by the upcoming fiscal year's operating budget for the City of Brea's Public Works

Department. An additional adjustment based on the Police Department's use of space within the Civic and Cultural Center on a 24-hour basis will also be included. The School District will be informed by the City of the new costs by June of each year, if the upcoming budget is available at that time. The annual adjusted rate will be effective with the July payment. Monthly charges shall be due and payable on or before the first day of each month without notice from the City.

The School District will be informed by the City of any prior fiscal year adjustments based on actual expenditures after September of the next fiscal year. These adjustments may result in a reimbursement to the School District for over-payment, or additional charges to the School District for under-payment, based on actual operating costs available after final adjustments have been made in September.

7. Any notice or payment due hereunder shall be mailed or delivered to the respective parties as set forth below:

DISTRICT: Brea-Olinda Unified School District
Attention: Superintendent
1 Civic Center Circle
Brea, California 92821

CITY: City of Brea
Attention: Community Development Director
1 Civic Center Circle
Brea, California 92821

6. This Agreement may be terminated only for cause.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth below opposite the respective parties' signatures.

BREA-OLINDA UNIFIED SCHOOL DISTRICT

Dated: 8/16/17

Nicole Colon
Nicole Colon, President, Board of Education

Dated: 8/16/17

Brad Mason
Brad Mason, Secretary, Board of Education

CITY OF BREA

Dated: _____

Cecilia Hupp, Mayor

Dated: _____

Lillian Harris-Neal, City Clerk

City of Brea

FINANCE COMMITTEE COMMUNICATION

TO: Finance Committee Members

FROM: Bill Gallardo

DATE: 08/29/2017

SUBJECT: Meeting with Vavrinek, Tryne, Day & Co, LLP Pursuant to Statement on Auditing Standards (SAS) No. 114

RECOMMENDATION

Receive and File.

BACKGROUND/DISCUSSION

Pursuant to Resolution 2016-044, the two City Council members assigned to the Brea Finance Committee shall perform certain Audit Committee duties. These duties include a meeting with the City's independent auditor before the City's annual audit begins in accordance with Statement on Auditing Standards (SAS) No. 114 to discuss the level and focus of the City's annual audit.

Brea's independent auditor firm, Vavrinek, Tryne, Day & Co., LLP have provided the attached letter to the City Council regarding the City's annual audit. Jessica Andersen, CPA, the partner in charge of the annual audit and other audit staff will be present at the meeting to discuss the City's upcoming annual audit with the two City Council members assigned to the Finance Committee. It is noted that the initial audit work for the City began on August 7, 2017. However, final audit work will not be conducted until October 2017.

SUMMARY/FISCAL IMPACT

There is no fiscal impact related to this annual meeting.

RESPECTFULLY SUBMITTED

William Gallardo, City Manager

Prepared by: Cindy Russell, Administrative Services Director

Attachments

Audit Planning Letter



August 15, 2017

City of Brea
1 Civic Center Circle
Brea, California 92821

We are engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Brea (City) for the year ended June 30, 2017. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards* and the Uniform Guidance.

As stated in our engagement letter dated August 3, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the City's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI listed below, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI. The RSI consists of the following:

- 1) Management's Discussion and Analysis.
- 2) Schedule of Changes in Net Pension Liability and Related Ratios – Miscellaneous Plan and Safety Plan
- 3) Schedule of Plan Contributions – Miscellaneous Plan and Safety Plan
- 4) Budgetary Comparison Schedule – General Fund
- 5) Budgetary Comparison Schedule – Low and Moderate Income Housing Asset Fund.

We have been engaged to report on the supplementary information listed below, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. The supplementary information consists of the following:

- 1) Schedule of Expenditures of Federal Awards
- 2) Combining and individual fund financial statements and budgetary schedules.

We have not been engaged to report on the Introductory Section and Statistical Section, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards. If any member of the City Council is aware of matters that may have a material bearing on the financial statements as a whole (such as those described in items 1-4), please contact me at (949) 768-0833 or by email at jandersen@vtdcpa.com by September 30, 2017.

We began our audit on August 7, 2017 and plan to issue our reports no later than December 31, 2017. Jessica Andersen and Roger Alfaro are the engagement partners and are responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "J Andersen", written in black ink.

Jessica Andersen, Partner
Of Vavrinek, Trine, Day & Co., LLP