



# FINANCE COMMITTEE AGENDA

**Tuesday, October 9, 2018**

**8:30 AM**

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

**MEMBERS:** Council Member Cecilia Hupp and Council Member Marty Simonoff  
**ALTERNATE:** Mayor Glenn Parker

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 September 25, 2018 Meeting

### **Attachments**

09-25-18 Minutes

3. Purchase of Self-Contained Breathing Apparatus (SCBA) Bottles
4. Meeting with Vavrinek, Tryne, Day & Co, LLP Pursuant to Statement on Auditing Standards (SAS) No. 114

### **Attachments**

2018 City of Brea SAS 114 - Planning Letter

5. Purchasing Activity under Special City Council Authorization Period Ending September 30, 2018

### **Attachments**

Purchasing Activity Report-Equipment

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

## DISCUSSION

6. Schedule Next Meeting: October 30, 2018

cc: Mayor Pro Tem Christine Marick  
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

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**FINANCE COMMITTEE COMMUNICATION**

**FROM:** Bill Gallardo

**DATE:** 10/09/2018

**SUBJECT:** Approval of Minutes of September 25, 2018 Meeting

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**Attachments**

09-25-18 Minutes

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## FINANCE COMMITTEE MINUTES

Tuesday, September 25, 2018

8:30 AM

Executive Conference Room, Level Three

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

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### CALL TO ORDER / ROLL CALL

ATTENDEES: Council Member Cecilia Hupp, Council Member Marty Simonoff, Chief Conklin, David Crabtree, Tony Olmos, Bill Bowlus, Jennifer Lilley, Faith Madrazo, Mario Maldonado, Chris Nigg, Will Wenz, Alicia Brenner, Jenn Colacion and Warren Coleman.

1. Matters from the Audience – *None*.

### CONSENT

2. Approval of Minutes of August 14, 2018 Meeting – *Receive and file*.
3. Brea Civic & Cultural Center Landscape Improvements, CIP #7936 – *Recommended for City Council approval*.
4. Approve a Professional Services Agreement with Bucknam Infrastructure Group, Inc. for Biennial Pavement Management Plan Update and Inspection – *Recommended for City Council approval*.
5. Budget Adjustments to the City Operating and Capital Improvement Program Budgets for Fiscal Year 2017-18 and Approve Multiple Year Carryovers – *Recommended for City Council approval*.
6. Budget Adjustments to the Successor Agency to the Brea Redevelopment Agency Operating Program Budget for FY 2017-18 – *Recommended for City Council approval*.

### DISCUSSION

7. Schedule Next Meeting: Tuesday, October 9, 2018

Meeting adjourned: 8:31 am

cc: Mayor Glenn Parker  
Mayor Pro Tem Christine Marick  
Council Member Steven Vargas

**City of Brea**

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**FINANCE COMMITTEE COMMUNICATION**

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**TO:** Finance Committee Members  
**FROM:** Bill Gallardo  
**DATE:** 10/09/2018  
**SUBJECT:** Purchase of Self-Contained Breathing Apparatus (SCBA) Bottles

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**RECOMMENDATION**

Ratify an emergency purchase order to Allstar Fire Equipment in the amount of \$61,846.51 for the purchase of Self Contained Breathing Apparatus (SCBA) bottles.

**BACKGROUND/DISCUSSION**

The Fire Department utilizes Self-Contained Breathing Apparatus (SCBA) bottles to provide breathable air for firefighters when operating in conditions that are dangerous to life and health. The SCBA bottles are cylinders that contain compressed air that allow the firefighters to function in toxic working environments including fires and airborne hazardous substances by providing a needed breathable air supply for up to 30 minutes at a time.

Currently, the Fire Department determined that the existing stock of SCBA bottles had reached their manufacturer and state DOT expiration dates. Their immediate replacement was required to help ensure the safety of the firefighters in life or health threatening circumstances.

The Fire Department received a quotation and negotiated a price with Municipal Emergency Services (MES Fire) for 55 SCBA bottles at the total price of \$61,789.45. The desired quantity was for 60 units, as approved in the budget; however, the current price exceeded the original budgetary estimates and the quantity was lowered to 55 units.

Purchasing requested additional price concessions from MES Fire, but the last quoted price was their best price. Purchasing worked with the Fire Department to seek other competitively bid contracts including national cooperative contracts, the Federal Government's General Services Administration (GSA), and the State of California's contracts. Though AllStar Fire Equipment, who had a state contract for SCBA bottles, would provide a 15-year life expectancy, the Fire Department desired bottles that provided a 30-year life expectancy, which would increase the service life of this equipment. Purchasing obtained a quotation from AllStar Fire and their pre-tax price was \$86.00 lower per unit than MES Fire. However, the budgeted amount would only allow the City to attain 59 bottles. The Fire Department asked for a concession from AllStar Fire to allow them to obtain one additional bottle at no cost to ensure all expired 60 bottles were replaced. The comparative savings from AllStar Fire was \$5,559.90 with tax or about 9% less than MES Fire. Accordingly, staff recommends ratifying this purchase.

**SUMMARY/FISCAL IMPACT**

The Fiscal Year 2018-19 Budget has sufficient funding available in the Fire Department's Special Department Equipment account (172-22-2221-4639), as identified in the decision package presented to City Council. The replacement of this equipment is funded by the Public Safety Augmentation Fund (172).

**RESPECTFULLY SUBMITTED**

William Gallardo, City Manager

Prepared by: Wolfgang Knabe, Fire Chief

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**City of Brea**

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**FINANCE COMMITTEE COMMUNICATION**

**TO:** Finance Committee Members

**FROM:** Bill Gallardo

**DATE:** 10/09/2018

**SUBJECT:** Meeting with Vavrinek, Tryne, Day & Co, LLP Pursuant to Statement on Auditing Standards (SAS) No. 114 Regarding the Fiscal Year 2017/18 Annual Audit

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**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 the 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, has 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 interim audit work for the City was in July 2018, however, final audit work will begin October 22, 2018.

**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

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**Attachments**

2018 City of Brea SAS 114 - Planning Letter

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**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

**VALUE THE** *difference*

September 11, 2018

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, 2018. 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 23, 2018 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) Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund and Housing Successor Fund
- 5) Schedule of Changes in the Net OPEB Liability and Related Ratios – other post-employment benefits (OPEB) plan
- 6) Schedule of Contributions – OPEB plan

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 nonmajor funds 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

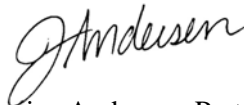
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

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 of 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](mailto:jandersen@vtdcpa.com) by October 26, 2018.

We began our audit on July 23, 2018 and plan to issue our report no later than December 31, 2018. 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".

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

**City of Brea**

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**FINANCE COMMITTEE COMMUNICATION**

**TO:** Finance Committee Members

**FROM:** Bill Gallardo

**DATE:** 10/09/2018

**SUBJECT:** Purchasing Activity under Special City Council Authorization Period Ending September 30, 2018

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**RECOMMENDATION**

Receive and file.

**BACKGROUND/DISCUSSION**

The Brea City Council has requested updates on purchasing activity under special City Council authorization for purchases of vehicles and equipment, software renewals, and the City Manager's authority under the Purchasing Ordinance. The following items are grouped as aforementioned showing the authorizing document and date, a brief narrative of the particular purchases; and the Purchasing Agent issued Purchase Orders in excess of \$25,000.

**Vehicle and Equipment Purchases** (authorized July 17, 2018)

For equipment included in the Annual Vehicles and Equipment Purchase Plan for Fiscal Year 2018-19, the Purchasing Agent issued the following Purchase Orders:

- On September 18, 2018, PO #219055, in the amount of \$102,243.50, was issued to Haaker Equipment Co, based on a NJPA Contract, for the purchase of one new 2018 Nite Hawk [Parking Lot] Sweeper for use by the Public Works Department Streets Division. The total purchase price was \$2,243.50 higher than the budgeted amount in part due to the \$1,500 freight cost. The pre-tax, pre-freight base price was \$108,260.00 and the NJPA contract price was \$93,497.45, a savings of \$14,762.55. When the new unit is received, the current one will be auctioned. (See item #14 on the attached report).
- On August 29, 2018, PO #219043, in the amount of \$50,086.86, was issued to Downtown Ford Sales, based on the State Contract No. 1-18-23-20A, for the purchase of two new 2019 Ford F150 pickup trucks for use by the Public Works Department Water Division. The total purchase price was \$1,913.14 lower than the budgeted amount. There is a \$500 per vehicle early payment discount if paid within 20 days after delivery. When the new vehicles are received, the current ones will be auctioned. (See items #10 and #11 on the attached report).

- On August 29, 2018, PO #219042, in the amount of \$27,045.25, was issued to Haaker Equipment Co, based the lowest of three competitive prices, for the purchase of two new Hydro Tek [Portable High-Pressure Steam Cleaner] units for use by the Public Works Department Streets Division. The total purchase price was \$2,954.75 lower than the budgeted amount. Haaker's price was \$1,316.71 lower than the next lowest price Geyser Equipment and \$1,475.73 lower than SteamX. When the new units is received, the current ones will be auctioned. (See items #16 and #17 on the attached report).
- On August 23, 2018, PO #219040, in the amount of \$29,150.01, was issued to Long Beach BMW, based on the piggybackable City of Sacramento Contract No. B17153311004, for the purchase of one new 2019 BMW Police Motorcycle for use by the Brea Police Department. The total purchase price was \$1,150.01 higher than the budgeted amount. When the new unit is received, the current one will be auctioned. (See item #2 on the attached report).
- On August 23, 2018, PO #219038, in the amount of \$94,441.23, was issued to Downtown Ford Sales, based on the piggybackable City of Sacramento Contract No. 2016-0531, for the purchase of three new 2019 Ford Utility Police Interceptors for use by the Brea Police Department (a different configuration than purchase below). The total purchase price was \$10,558.77 lower than the budgeted amount and \$530.01 less than another national cooperative agreement. There is a \$575 per vehicle early payment discount if paid within 20 days after delivery. When the new vehicles are received, the current ones will be auctioned. (See items #6, 7, and 8 on the attached report).
- On August 13, 2018, PO #219027, in the amount of \$59,092.60, was issued to Downtown Ford Sales, based on the piggybackable City of Sacramento Contract No. 2016-0531, for the purchase of one new 2019 Ford Utility Vehicle for use by the Brea Fire Department and one for the Police Department. The total purchase price was \$7,907.40 lower than the budgeted amount and \$2,174.31 less than another national cooperative agreement. When the new vehicles are received, the current ones will be auctioned. (See items #3 and #9 on the attached report).

Other noteworthy reporting items:

- On September 17, 2018, the Fire Department picked up the 1998 American LaFrance Tractor Drawn 100' Aerial Ladder Truck from the City of Vernon. The \$49,999.00 purchase was City Council approved on July 17, 2018.
- On June 7, 2018, an auction of two vehicles yielded \$5,007. These vehicles were not in good condition; one was salvage only. The auction was conducted through one of our contracted auctioneer companies: General Auctions. This item was not included in the prior reporting.
- The Public Works Department will purchase a top dresser, which was originally

scheduled to be replaced in FY 2019-20 instead of the ball field machine scheduled to be replaced during this fiscal year FY 2018-19. The topdresser spreads a variety of materials such as sand, compost, topdressing mixes, calcined clay, infield mix, wood chips, lime, and the like. The ball field machine is an infield groomer that grooms the top surface of the infield skins before games making the field safer and more playable. The current unit is in relatively good condition and expected to last up to a couple more years beyond its ten-year life. The prices are comparable and will not have a negative impact on the budget. Therefore, the Public Works Department desires to make this change according to City Council's authorization for the Equipment Maintenance Supervisor and the Purchasing Agent to make changes in the type and quantity of the listed equipment, subject to budget appropriations and the not-to-exceed amount requested. (See items #15 on the attached report).

**Software Renewals** (authorized July 17, 2018)

For software renewals included in the Fiscal Year 2018-19 Budget, the Purchasing Agent issued Purchase Orders:

- No purchase orders were issued in excess of \$25,000 for this reporting period.

**City Manager's Authorization** (BMC ss3.24.210)

For urgent items or work included in the Fiscal Year 2018-19 Budget, the Purchasing Agent issued Purchase Orders:

- On July 9, 2018, an amendment, and corresponding PO# 219005 in the amount of \$15,275, which increased the contract total to \$27,375, was issued to LSA Associates to add work, specifically the Noise Barrier Survey and Report, for the State Route 57/Lamber Road Interchange Project.

**SUMMARY/FISCAL IMPACT**

The City Council adopted Fiscal Year 2018-19 Budget has sufficient funding available for these purchases.

**RESPECTFULLY SUBMITTED**

William Gallardo, City Manager

Prepared by: Neil Groom, Procurement and Contracts Administrator

Concurrence: Cindy Russell, Administrative Services Director

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**Attachments**

Purchasing Activity Report-Equipment

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**Purchasing Activity Report for Equipment (FY 18-19).xlsx**  
**As of 09-30-18**

Item #	Description	QTY	Budgeted Amt	PO Amt	Diff
<b>POLICE</b>					
1	Parking Control Pickup	1	\$ 30,000		
2	BMW Motorcycle	1	\$ 28,000	29,150.01	1,150.01
3	Ford Utility Vehicle - Police Interceptor	1	\$ 32,000	29,546.30	(2,453.70)
4	Detective Vehicle	1	\$ 30,000		
5	Detective Vehicle	1	\$ 30,000		
6	Ford Utility Vehicle - Police Interceptor	1	\$ 35,000	31,480.41	(3,519.59)
7	Ford Utility Vehicle - Police Interceptor	1	\$ 35,000	31,480.41	(3,519.59)
8	Ford Utility Vehicle - Police Interceptor	1	\$ 35,000	31,480.41	(3,519.59)
<b>FIRE</b>					
9	Ford Utility Vehicle - Fire Prevention	1	\$ 35,000	29,546.30	(5,453.70)
<b>PUBLIC WORKS</b>					
10	Ford F150, 4x2, Reg Cab Pickup	1	\$ 26,000	25,043.43	(956.57)
11	Ford F150, 4x2, Reg Cab Pickup	1	\$ 26,000	25,043.43	(956.57)
12	Pickup Truck: 3/4-Ton	1	\$ 30,000		
13	Pickup Truck: 3/4-Ton	1	\$ 35,000		
14	Nite Hawk Parking Lot Sweeper	1	\$ 100,000	102,243.50	2,243.50
15	Topdresser instead of Ballfield Machine-P	1	\$ 24,000		
16	Hydro-Tex Water Pressure Washer-B	1	\$ 15,000	13,522.63	(1,477.38)
17	Hydro-Tex Water Pressure Washer-Sp	1	\$ 15,000	13,522.63	(1,477.38)
18	Kubota Rugged Terrain Vehicle-Sp	1	\$ 22,000	16,446.78	(5,553.22)
19	Abrasive Saw	1	\$ 1,500	1,244.85	(255.15)
20	Abrasive Saw	1	\$ 1,500	1,244.85	(255.15)
21	Arrowboard Trailer -W	1	\$ 6,000	4,498.56	(1,501.44)
22	Backpack Blower - P	1	\$ 600	432.99	(167.01)
23	Backpack Blower -S	1	\$ 600	432.99	(167.01)
24	Backpack Blower -S	1	\$ 600	432.99	(167.01)
25	Edger (Power Trim) -Wc	1	\$ 700		
26	Hedge Trimmer -S	1	\$ 600		
27	Mid-Tine Rototiller -P	1	\$ 1,000		
28	Mower Reel -P	1	\$ 1,700		
29	Mower Rotary -Sp	1	\$ 1,300		
30	Pump 4" (Trash) -W	1	\$ 2,000		
31	Reference Software - Tool	1	\$ 5,000	2,693.98	(2,306.02)
32	Trailer-P	1	\$ 6,000		
33	Trimmer -P	1	\$ 450		
<b>Totals of Above as of 09-30-18 --&gt;</b>			<b>\$ 612,550</b>	<b>389,487.44</b>	<b>(30,312.56)</b>
			Savings over Budget indicated by (\$____)		