

MINUTES OF THE REGULAR MEETING
OF THE LA PALMA CITY COUNCIL

November 3, 2015

CALL TO ORDER: Mayor Kim called the Regular Meeting of the La Palma City Council to order at 7:00 p.m. in the Council Chambers of La Palma City Hall, 7822 Walker Street, La Palma, California.

PLEDGE OF ALLEGIANCE: Mayor Pro Tem Goedhart

INVOCATION: Father Martin Nguyen, St. Irenaeus Catholic Church

ROLL CALL: Council and Commission Members

Council/Commission Members present: Mayor Pro Tem/Vice Chairperson Goedhart, Council/Commission Member Hwangbo, Mayor/Chairperson Kim, Council/Commission Member Shanahan, and Council/Commission Member Steggell

Council/Commission Members absent: None

City Officials present: Eric Nuñez, Police Chief/Acting City Manager
Michelle Molko, Assistant City Attorney
Michael Belknap, Community Services Director
Douglas Dumhart, Community Development Director
Laurie Murray, Administrative Services Director/City Clerk
Kimberly Kenney, Minutes Clerk

PRESENTATIONS

1. Orange County Supervisor Michelle Steel presented a proclamation to La Palma Days Parade Chair Keith Nelson in recognition of La Palma Days as the Official Orange County Veterans Day Parade.

2. Recreation Coordinator jaNell Adams introduced La Palma Ambassador winners Alyssa Mellore, Keila Goulding, and Amanda One. Orange County Supervisor Michelle Steel presented certificates of recognition to the La Palma Ambassador winners.

ORAL COMMUNICATIONS

No members of the public wished to speak.

RECESS THE CITY COUNCIL AND CONVENE AS THE CITY OF LA PALMA AS SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION AT 7:13 P.M.

Administrative Services Director/City Clerk Murray stated, "The City Council will now recess and convene as the Successor Agency to the Dissolved Community Development Commission of the City La Palma, and then recess and convene as the Planning Commission. Members of the La Palma City Council receive no compensation or stipend as a result of convening or participating in either the Successor Agency or Planning Commission meetings, or otherwise as serving as members of the Successor Agency or Planning Commission."

CONSENT CALENDAR

- A. Approval of Successor Agency Minutes

Minutes of the October 6, 2015, Regular Meeting of the Successor Agency.

- B. Approval of Register of Demands

Resolution No. SA 2015-09 approving the Successor Agency Registers of Demands for November 3, 2015.

Council Member Shanahan made a motion to approve Consent Calendar Items A and B.

The motion was seconded by Council Member Hwangbo and carried on the following vote:

AYES: Mayor Pro Tem Goedhart, Council Member Hwangbo, Mayor Kim, Council Member Shanahan, and Council Member Steggell

NOES: None

PUBLIC HEARINGS

None Scheduled.

REGULAR ITEMS

None Scheduled.

ADJOURN THE CITY OF LA PALMA AS SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION, AND CONVENE AS THE PLANNING COMMISSION AT 7:14 P.M.

CONSENT CALENDAR

PL-1. Approval of Planning Commission Minutes

Minutes of the October 6, 2015, Regular Meeting of the Planning Commission.

Commission Member Hwangbo made a motion to approve Consent Calendar Item PL-1.

The motion was seconded by Chairperson Kim and carried on the following vote:

AYES: Vice Chairperson Goedhart, Commission Member Hwangbo, Chairperson Kim, Commission Member Shanahan, and Commission Member Steggell

NOES: None

PUBLIC HEARINGS

None Scheduled.

REGULAR ITEMS

None Scheduled.

ADJOURN THE PLANNING COMMISSION AND RECONVENE AS THE CITY COUNCIL AT 7:15 P.M.

CONSENT CALENDAR

1. Waive the Reading of All Ordinances
Waive the reading of all Ordinances in their entirety and read by title only.
2. Approval of Council Minutes
Minutes of the October 6, 2015, Regular Meeting and Minutes of the October 13, 2015, and October 28, 2015, Special Meetings of the City Council.
3. Approval of Register of Demands
Resolution No. 2015-43 approving the Register of Demands for October 20, 2015, and November 3, 2015.
4. Water Conservation Monthly Report for September 2015
Receive and file the Water Conservation Monthly Report for September 2015.
5. Police Sergeant Vacancy
Authorize the immediate fill of one (1) vacant sworn police sergeant position effective November 7, 2015.

Council Member Shanahan made a motion to approve Consent Calendar Items 1 through 5.

The motion was seconded by Council Member Steggell and carried on the following vote:

AYES: Mayor Pro Tem Goedhart, Council Member Hwangbo, Mayor Kim, Council Member Shanahan, and Council Member Steggell

NOES: None

PUBLIC HEARINGS

None Scheduled.

REGULAR ITEMS

6. Study Session: Water and Sewer Rate Study

Community Services Director Belknap introduced the item; gave a history of water rates; and the recent rate decision by the City Council in 2010.

Robert Ryall, representing Willdan Financial Services, gave the presentation.

Community Services Director Belknap clarified that the Water Reserve Funds 10% reserve requirement was set decades ago to ensure the water system could replace the then existing infrastructure.

Mr. Ryall reported how the City's reserves are in comparison to neighboring cities with Cerritos having approximately 10 days of operating reserves; Fullerton having approximately 200 days of operating reserves; Norwalk and Lakewood having approximately 400 days of operating reserves; and Buena Park having approximately 600 days of operating reserves; and that maintaining a 5% Emergency Reserve balance represents approximately 245 days of operations.

Community Services Director Belknap stated that the City Council is being asked to consider rate increases in conjunction with the lowering of the reserve percentage because the increased rates approved in 2010 did not meet the operating demands and costs; that the approved amount did not capture the amount needed to cover imported water rate increases; and because the mandated water reductions from recent conservation efforts have impacted the City's water revenues overall. He added that the recommendation is annual increases over the five year period, which creates smaller increases over time.

Mr. Ryall added that the recommendation complies with the court ruling from San Juan Capistrano regarding cost-based tiers for water rates.

Public Comment:

Edward Bean, a La Palma resident, addressed the City Council regarding his efforts to reduce water consumption and that increasing rates appears to be penalties for conservation efforts.

Community Services Director Belknap responded that all cities are experiencing similar losses to their water funds because of the mandated conservation efforts; that many cities are having to raise their water rates; and that raising rates does seem counterintuitive.

Provide direction on the draft Water and Sewer Rate Study; and schedule a Public Hearing with formal notification to all property owners, as is required by Proposition 218, for January 5, 2016.

Council Comments and Questions:

Discussion ensued regarding previous rates not being sustainable; that the City has 12 water customers with 3 inch meters and 1 with a six inch meter; larger consumers such as the hospital and schools have larger meters; that there is an approximate increase of 34.4% over the next five years; the City Council's frustration in having to raise water rates when residents are doing their part to conserve water; that the in prior years, the Emergency Reserve appeared as a large operating balance and therefore presented as cash on the books; that the 10% Emergency Reserve allocation was not really understood until just recently; that the water department and operations are designed to be self-funded; support for a gradual rate increase; concern for decreasing the amount allocated to Reserves from 10% to 5% with an aging water infrastructure; that the study incorporated the City's capital projects and funding operations; that even with a 5% Reserve allocation, there are still funds to cover an emergency water incident; that in a major catastrophe such as an earthquake, Federal Funds would most likely be available to cover any water operations damage; that removing the debt altogether was not an option, but decreasing the use of reserves was more palatable; that water is going to be a scare commodity for Californians; and direction to Staff to move forward with scheduling the public hearing.

Gina Shaunette, a La Palma resident, addressed the City Council regarding concern for not enough thought given into the amount proposed for fixed costs, that there will still not be enough in the recommended rate increase to cover water maintenance and operations.

Mr. Ryall responded that allocations of fixed costs are based on American Water Works Association's (AWWA) principles and standards for cost allocation; that this study was based on the current drought conditions that could get worse; and that the projections were conservative.

Further discussion ensued regarding Staff bringing back any rate concerns to the City Council if assumptions change in the future; Staff recommendation for annual reviews to determine appropriate water rates; that Golden State Water Company is a private company and that several cities have and manage their own water utility; that the City of Cypress, John F. Kennedy High School, and Walker Junior High School are all served by Golden State Water Company; that those schools have requested to have their water served by the City of La Palma; that Staff is trying to address that issue; that the City of La Palma's rates, even with the increase, are competitive; that La Palma runs its water facility efficiently; that the City could sell the water system to Golden State but that water consumers would see an immediate 60% increase, which residents would not want; that Staff is recommending incremental increases to decrease the impact, but the City does have to pay for fixed costs without using any subsidy from Reserves; that at the end of the five years, the City will be operating water without the use of subsidies; that the City may need to revisit the rate structure after this five year period and

hopes that if there is any increase, that it would be much more modest; concern for eliminating the Solar Energy Project that could have impacted the City's energy cost overall; that Staff had design concerns with the proposed Solar Energy Project; that if those design concerns are overcome that there could be grants available for the Solar Energy Project in the future; that if the rate increase is approved in January 2016, consumers would see the new rates in the April billing cycle; that Mayor Pro Tem Goedhart would like an analysis by January of the fixed and variable rates to estimate whether the City will truly capture its fixed costs with the generated revenue; and direction on what direction needs to be given in the motion.

Assistant City Attorney Molko stated that the motion would be to provide direction to Staff as recommended on the Agenda facesheet to direct staff to schedule a Public Hearing regarding proposed water rates with formal notification to all property owners, as is required by Proposition 218, for January 5, 2016.

Council Member Hwangbo made a motion to direct staff to schedule a Public Hearing regarding proposed water rates with formal notification to all property owners, as is required by Proposition 218, for January 5, 2016.

The motion was seconded by Mayor Pro Tem Goedhart and carried on the following vote:

AYES: Mayor Pro Tem Goedhart, Council Member Hwangbo, Mayor Kim, Council Member Shanahan, and Council Member Steggell

NOES: None

7. Council Member Request: Orange County Fire Authority Appointment

a) Consider the Council Member Request; and

Mayor Pro Tem Goedhart reported that he has served on the Orange County Fire Authority (OCFA) Board of Directors since January 2013; has numerous scheduling conflicts next month and during the upcoming year; that they are currently undergoing labor negotiations; and that he would prefer to step down now instead of January 2016 to allow the replacement representative to be fully versed on the status of the negotiations instead of waiting until next year.

Mayor Kim asked if any Council Member would like to serve on the OCFA Board of Director. Council Member Steggell announced her desire to be the replacement.

- b) Adopt Resolution No. 2015-44 designating and appointing a Representative to the Orange County Fire Authority's Board of Directors.

Mayor Kim made a motion to adopt Resolution No. 2015-44 designating and appointing Council Member Steggell as the City's Representative to the Orange County Fire Authority's Board of Directors.

The motion was seconded by Mayor Pro Tem Goedhart and carried on the following vote:

AYES: Mayor Pro Tem Goedhart, Council Member Hwangbo, Mayor Kim, Council Member Shanahan, and Council Member Steggell

NOES: None

COUNCILMEMBER AB1234 REPORTS, REPORTS FROM CITY-AFFILIATED COMMITTEES, AND COUNCIL REMARKS

Council Member Shanahan had nothing to report.

Council Member Steggell attended the OCFA Open House and the La Palma Ambassador Program.

Council Member Hwangbo attended the Southern California Association of Governments (SCAG) meeting; the City Council Special Meetings; the Stanton State of the City Address; the first Cypress Mayor's Prayer Breakfast; plans on attending the upcoming La Palma Days celebration and reported that it might be the last La Palma Days for the City and thanked all the volunteers and Staff for their work on the parade.

Mayor Pro Tem Goedhart attended the OCFA Budget and Finance Committee meeting and the OCFA Board of Directors meeting.

Mayor Kim attended the City Council Special Meeting; the City's first Business Expo; the Stanton State of the City Address; the Orange County Sanitation District (OCSD) State of the District breakfast; the OCSD Board meeting; the Red Ribbon Week breakfast; the Halloween Carnival; and the La Palma Ambassador Program.

CITY MANAGER REMARKS

Acting City Manager Police Chief Nuñez thanked the Kiwanis for their efforts for the Red Ribbon Week event; announced that he will be leaving the La Palma Days parade early to participate on Congress Woman Sanchez's selection committee for the military academy; and thanked Staff for their support during the City Manager transition.

CITY ATTORNEY REMARKS

Assistant City Attorney Molko reported on the recently passed legislation regarding the State's medical marijuana regulation and safety act and has been looking at the City's existing regulations with Staff to ensure compliance with the State Legislation. She closed by noting that the City Council will see upcoming revisions to the City's existing Ordinance.

CLOSED SESSION

CS-1. The City Council will meet in Closed Session pursuant to Government Code Section 54957.6: CONFERENCE WITH LABOR NEGOTIATORS

Agency Designated Representatives: Laurie Murray, Administrative Services Director
Steve Filarsky, Agency Labor Counsel

Employee Organizations: La Palma General Employees Association
La Palma Police Association
La Palma Professional Employees Association

Unrepresented Employees: Executive Management

Mayor Kim recessed to Closed Session at 8:19 p.m.

Mayor Kim reconvened in Open Session at 8:45 p.m. and Administrative Services Director Murray announced that there were no reportable actions out of Closed Session.

ADJOURNMENT

Mayor Kim adjourned at Regular Meeting of the City Council at 8:46 p.m.

Peter L. Kim
Mayor

Attest:

Kimberly Kenney
Deputy City Clerk