

MINUTES
LA HABRA UTILITY AUTHORITY
REGULAR MEETING
&
REGULAR JOINT MEETING WITH THE
CITY COUNCIL OF THE CITY OF LA HABRA, LA HABRA HOUSING AUTHORITY,
LA HABRA CIVIC IMPROVEMENT AUTHORITY, AND
SUCCESSOR AGENCY TO THE LA HABRA REDEVELOPMENT AGENCY

Monday, March 18, 2019

APPROVED: These Minutes were approved on June 3, 2019.

REGULAR MEETING & REGULAR JOINT MEETING 6:30 P.M.:

CALL TO ORDER: Mayor/Director Gomez called the Regular Meeting of the La Habra Utility Authority and the Regular Joint Meeting with the City Council of the City of La Habra, La Habra Housing Authority, La Habra Civic Improvement Authority, and the Successor Agency to the La Habra Redevelopment Agency to order at 6:30 p.m. in the Council Chamber, located at 100 East La Habra Boulevard in La Habra, California.

INVOCATION: City Attorney/Legal Counsel Jones

PLEDGE OF ALLEGIANCE: City Manager/Executive Director Sadro

COUNCILMEMBERS/DIRECTORS PRESENT: Mayor/Director Gomez
Mayor Pro Tem/Director Beamish
Councilmember/Director Espinoza
Councilmember/Director Shaw
Councilmember/Director Medrano

COUNCILMEMBERS/DIRECTORS ABSENT: None

OTHER OFFICIALS PRESENT: City Manager/Executive Director Sadro
City Attorney/Legal Counsel Jones
Interim City Clerk/Secretary Swindell

CLOSED SESSION ANNOUNCEMENT: City Attorney/Legal Counsel Jones announced that he declared a conflict of interest for Closed Session Item III.B.1 regarding California Domestic Water Company (CDWC). He stated that Consent Item III.A.4, the Warrant List, contained payments regarding the settlement of a lawsuit entitled: Ponce vs. the City of La Habra, and that Council's approval of the warrant list would also be an acknowledgement of the settlement of the lawsuit of \$1 million payable to the following parties: USAA Annuity Services Corporation for \$250,000; Yuhl Carr, LLP for \$171,499.92; Department of Health Care Services for \$405,435.59; LAC + USC Medical Center for \$2,205.00; CPT as Trustee F.B.O. Elisa Ponce for \$140,859.49; and \$25,000 is pending for minor, Valerie Araiza.

I. PROCLAMATIONS/PRESENTATIONS:

- a. Beautification Award - Perches Family at 601 North Fonda Street.

Mayor Gomez invited the Beautification Committee and the Perches Family to the front of the podium. The Perches Family accepted their award.

- b. Presentation by Orange County Transportation Authority (OCTA) on their Long Range Transportation Plan.

Kurt Brotcke, from the OCTA Planning Division and Greg Nord, Project Manager for the Long Range Transportation Plan (LRTP) gave the LRTP presentation.

Council discussion included: clarification that construction of new homes in the city did not increase traffic; confirmation that the rise in home and apartment prices cause people to live further out from their jobs which contributes to increased traffic in the city; verification that an increase in bikeways on city streets could potentially slow down traffic; confirmation regarding the safety of OCTA bus customers in Orange County.

- c. Presentation by the League of California Cities (LOCC) regarding the General Legislative Update.

Tony Cardenas, with the LOCC, gave the General Legislative Update presentation.

City Manager Sadro received confirmation of the following: if Senate Bill 50 was passed, the City's land use authority would be decided by the Housing and Economic Development Department (HCED) of the State of California (State); the State was proposing to link the City's requirement to build additional affordable housing to transportation funding which would affect local streets and roads; and the City's lack of control if Council prohibited dispensary operations or the sale of cannabis in the City because the State Bureau of Cannabis Control would allow an outside company to deliver cannabis to the City of La Habra. City Manager Sadro confirmed that the legislative platform the Council approves each year gives City staff permission to write letters of support or opposition to legislation.

Mayor/Director Gomez requested that Tony Cardenas arrange a meeting with City Manager Sadro in the next two weeks.

Councilmember/Director Shaw clarified the following three most influential people who set housing policy in California: Governor Gavin Newsom (former Mayor of San Francisco), Senator Scott Weiner from San Francisco chairing the Senate Housing Committee, and Assemblyman David Chiu from San Francisco who chairs the Assembly Housing Committee.

- d. Presentation by California Domestic Water Company (CDWC).

Lynda Noriega, with CDWC, gave the Annual Review of Operations presentation.

Council discussion included: clarification that ultra violet light treatment of water is to take out nitrosodimethylamine (NDMA); and confirmation that the City bought 26 percent more water in Fiscal Year 2018-2019 than Fiscal Year 2017-2018 due to the Idaho Well not being operational.

City Manager/Executive Director Sadro introduced the City's new Community Services Director Kelly Fujio.

II. PUBLIC COMMENTS: None

III. **CONSENT CALENDAR:**

Moved by Mayor/Director Gomez, seconded by Councilmember/Director Medrano, and CARRIED UNANIMOUSLY (5-0) TO APPROVE CONSENT CALENDAR ITEMS III.A.1 THROUGH III.C.1.

Said motion CARRIED by the following roll call vote:

AYES: Mayor/Director Gomez, Mayor Pro Tem/Director Beamish,
Councilmember/Director Espinoza, Councilmember/Director Shaw,
Councilmember/Director Medrano

NOES: NONE

ABSTAIN: NONE

ABSENT: NONE

A. **CITY COUNCIL:**

1. PROCEDURAL WAIVER: Waive reading in full of resolutions and ordinances and approval and adoption of same by reading title only.
2. APPROVE SECOND READING AND ADOPTION OF **ORDINANCE NO. 1803** ENTITLED: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA HABRA APPROVING ZONE CHANGE 18-06 ESTABLISHING THREE NEW ZONING DESIGNATIONS (R-5, R-6, AND R-7), AND REZONING VARIOUS PROPERTY THROUGHOUT THE CITY AS PER EXHIBITS "A" AND REPEALING AND REPLACING CHAPTER 18.26 "R-2, R-2A, R-3 AND R-4 MULTIPLE-FAMILY DWELLING ZONES" IN ITS ENTIRETY AND REPLACING IT WITH THE NEW CHAPTER 18.26 "R-2, R-3, R-4, R-5, R-6 AND R-7 MULTIPLE-FAMILY DWELLING ZONES" AND AMENDING CHAPTERS 18.06, 18.12, 18.14 AND 18.56 AS PER EXHIBIT "B."
3. Approve a resolution authorizing a Cost of Living Adjustment for the Early Head Start Program, Fiscal Year 2018-2019, funded by Orange County Head Start Inc. and approve the adjusted Early Head Start Program budget to reflect the changes; and
 - a. APPROVE **RESOLUTION NO. 5888** ENTITLED: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA HABRA CERTIFYING THE APPROVAL AND AUTHORIZING THE EXECUTION OF THE EARLY HEAD START COST OF LIVING ADJUSTMENT FOR 2018-2019 WITH ORANGE COUNTY HEAD START, INC.
4. WARRANTS: Approve Nos. 00120315 through 00120530 totaling \$1,049,220.16; and WIRE TRANSFER: Approve Wire Date 3/25/19 for a total of \$205,867.86.

B. **CITY COUNCIL, AGENCY & AUTHORITIES:**

1. Approve to receive and file the Comprehensive Annual Financial Report (CAFR) for the City of La Habra, the Annual Financial Report of the La Habra Utility Authority, and the Single Audit for the Fiscal Year ending June 30, 2018.

C. **UTILITY AUTHORITY:**

1. Approve to receive and file California Domestic Water Company's 2019 Annual Review.

IV. CONSENT CALENDAR ITEMS REMOVED FOR SEPARATE DISCUSSION: None

V. PUBLIC HEARINGS:

A. CITY COUNCIL:

1. Duly noticed public hearing to consider the Proposed Substantial Amendment to the City of La Habra's Community Development Block Grant (CDBG) Program Annual Action Plan for Fiscal Years 2017-2018 and 2018-2019.

Housing Specialist Susan Louie presented the staff report.

Mayor Gomez opened the public hearing at 7:20 p.m. There being no public testimony, Mayor Gomez closed the public hearing at 7:20 p.m.

Council discussion included: confirmation that funds will be requested in the Fiscal Year 2020-2021 Action Plan to address the parking lot at Las Lomas Park; and clarification that the lack of funding to The Gary Center was due to the volunteers not being comfortable asking for the necessary documents required to receive the funding.

Moved by Mayor Gomez, seconded by Councilmember Medrano, and CARRIED UNANIMOUSLY (5-0) TO APPROVE AND ADOPT **RESOLUTION NO. 5889** ENTITLED: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA HABRA APPROVING THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) SUBSTANTIAL AMENDMENT TO THE ANNUAL ACTION PLAN FOR FISCAL YEARS 2017-2018 AND 2018-2019.

Said motion CARRIED by the following roll call vote:

AYES: Mayor Gomez, Mayor Pro Tem Beamish, Councilmember Espinoza,
Councilmember Shaw, Councilmember Medrano

NOES: NONE

ABSTAIN: NONE

ABSENT: NONE

VI. CONSIDERATION ITEMS:

A. CITY COUNCIL:

1. Consider City of La Habra Goals and Objectives for Fiscal Year 2019-2020.

Assistant to the City Manager Ferrier presented the staff report.

Council discussion included: adding a carport at the La Habra Police Department and the installation of an Americans with Disability Act (ADA) accessible playground at a City park to the Goals and Objectives for Fiscal Year 2019-2020; and the City's legislative agenda and relationship with the State of California regarding local control of housing.

Mayor Gomez invited the public to testify at 7:26 p.m. There being no public testimony, Mayor Gomez closed the public testimony at 7:26 p.m.

Moved by Mayor Gomez, seconded by Councilmember Shaw, and CARRIED UNANIMOUSLY (5-0) TO APPROVE THE CITY OF LA HABRA GOALS AND OBJECTIVES FOR FISCAL YEAR 2019-2020; WITH ADDITIONAL GOALS OF THE INSTALLATION OF A CARPORT AT THE LA HABRA POLICE DEPARTMENT AND THE INSTALLATION OF AN AMERICANS WITH DISABILITY ACT (ADA) ACCESSIBLE PLAYGROUND AT A CITY PARK.

Said motion CARRIED by the following roll call vote:

AYES: Mayor Gomez, Mayor Pro Tem Beamish, Councilmember Espinoza,
Councilmember Shaw, Councilmember Medrano

NOES: NONE

ABSTAIN: NONE

ABSENT: NONE

2. Consider Investment Guidelines, which includes a "Moderate" Asset Allocation Strategy, for the City of La Habra's Pension Rate Stabilization Program through Public Agency Retirement Services (PARS).

Finance Manager Ponvanit presented the staff report. He noted that representative Rachael Sanders from PARS and Anne Wimmer from HighMark Capital Management were available to answer questions.

Council discussion included: confirmation that both companies offer five different investment models and that HighMark Capital Investment also offers customized investment; explanation of blended portfolios which include fixed and equity investments and the use of benchmarks to measure risk; risk factor levels of investments; the City's decision to be in the moderate portfolio model to mitigate risk, but to receive the most return on investment; clarification that once the City makes an investment policy decision it will be managed to the portfolio benchmark; and confirmation that any requested investment changes would have to be brought to Council for approval.

Mayor Gomez invited the public to testify at 7:34 p.m. There being no public testimony, Mayor Gomez closed the public testimony at 7:34 p.m.

Moved by Councilmember Shaw, seconded by Councilmember Medrano, and CARRIED UNANIMOUSLY (5-0) TO APPROVE INVESTMENT GUIDELINES, WHICH INCLUDES A "MODERATE" ASSET ALLOCATION STRATEGY, FOR THE CITY OF LA HABRA'S PENSION RATE STABILIZATION PROGRAM THROUGH PUBLIC AGENCY RETIREMENT SERVICES (PARS).

Said motion CARRIED by the following roll call vote:

AYES: Mayor Gomez, Mayor Pro Tem Beamish, Councilmember Espinoza,
Councilmember Shaw, Councilmember Medrano

NOES: NONE

ABSTAIN: NONE

ABSENT: NONE

3. Consider an agreement with Tetra Tech BAS, Inc. for design services related to the Vista Grande Park project.

Principal Engineer Rangel presented the staff report. He stated there was the following correction to the staff report: Instead of Wolfe Engineering and Design, Inc., it should read GHD, Inc. He noted that a representative from Tetra Tech BAS was present and he was available to answer any questions.

Council discussion included: clarification that both splash pad conceptual designs would be presented to the public through six community outreach meetings, then staff would present the designs to Council for consideration; confirmation the splash pad plans would be completed in one year; noticing of the public outreach meetings to be accomplished through mailings, social media, and the City's web site; and the application for grants regarding design and construction costs, and for landfill remediation.

Mayor Gomez invited the public to testify at 7:42 p.m. There being no public testimony, Mayor Gomez closed the public testimony at 7:42 p.m.

Moved by Councilmember Espinoza, seconded by Mayor Pro Tem Beamish, and CARRIED UNANIMOUSLY (5-0) TO APPROVE AND AUTHORIZE CITY MANAGER TO EXECUTE AGREEMENT WITH TETRA TECH BAS, INC. FOR DESIGN SERVICES OF VISTA GRANDE PARK PROJECT FOR \$661,717.00; AND AUTHORIZE STAFF TO ISSUE A PURCHASE ORDER TO TETRA TECH BAS, INC. FOR DESIGN SERVICES OF VISTA GRANDE PARK PROJECT IN AN AMOUNT NOT TO EXCEED \$727,888.70, WHICH INCLUDES A 10 PERCENT CONTINGENCY.

Said motion CARRIED by the following roll call vote:

AYES: Mayor Gomez, Mayor Pro Tem Beamish, Councilmember Espinoza,
Councilmember Shaw, Councilmember Medrano
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

B. CITY COUNCIL AND ALL AUTHORITIES/AGENCY:

1. Consider Fiscal Year 2018-2019 Mid-year Budget update; and approve the upgrade of a vacant budgeted Administrative Aide III position to a Management Analyst I position in the Community Development Department.

Mayor/Director Gomez left the dais at 7:44 p.m.

Finance Director Shannon presented the Fiscal Year 2018-2019 Mid-Year Budget PowerPoint presentation. He identified staff's recommendations as follows:

Finance Director Shannon reported that the General Fund was projected to end Fiscal Year 2018-2019 with revenues over expenditures of approximately \$2,000,000, mainly due to unfilled budgeted staff positions and significant unanticipated one-time revenues. He stated that staff estimates General Fund revenues would close approximately \$1,500,000 more than the adopted budget, attributing a majority to recurring growth of property tax and sales and transaction tax. He reviewed the General Fund one-time revenues. He stated that staff anticipates the General Fund expenses to end the fiscal year approximately \$500,000 below the amended expenditure budget due in most part to budgeted staff positions that have been unfilled for a portion of or all

of the current fiscal year. He noted that staff expects Non-General Fund operating budgets to end the fiscal year at or below their approved expenditure budgets, with revenues tracking to budget projections. He briefly reviewed the 10-year forecast, various capital projects with their funding, staffing levels, the General Fund support for special events and facilities leases, and the enacted and potential solutions.

Mayor/Director Gomez returned to the dais at 7:47 p.m.

City Manager Sadro reviewed future fiscal challenges including the inevitability of another recessionary slowdown in the economy and the rapidly escalating annual increases in the City's required unfunded pension liability payments to the California Public Employment Retirement System (PERS). He reviewed PERS Contribution Rates as a percentage of payroll, staffing levels over the last 16 years, and staff contributions to PERS.

Finance Manager Ponvanit explained the California Public Employees Retirement Fund (CalPERS) rate of return, the Unfunded Liability funding percentage, and that a recession was expected to occur in the next 12-18 months and its effect on the City based on what we know today.

Council discussion included: confirmation that the sales and transaction tax would end in Fiscal Year 2028-29; explanation of normal versus accrued unfunded liability PERS costs; estimated percentage of budget cuts for a balanced Fiscal Year 2019-20 budget; other city's budget situations; briefing Council more often regarding the budget; financial or revenue enhancement decisions to be made in relation to budget goals; PERS unfunded liability obligation for cities that have gone bankrupt; confirmation of an increase in high density housing by the State of California and its potential effects on the City being able to maintain the level of service to the community without reductions in spending, an increase in revenues, or a combination of both; future increase in property tax revenue from the growth in housing development; future approach to City budget decisions made by Council; support of the League of California Cities (LOCC) to lobby for the City and the La Habra Chamber of Commerce for increased sales tax revenue; and explanation of the upgrade of the vacant Administrative Aide II position to a Management Analyst Position in the Community Development Department.

City Attorney Jones confirmed that cities that go bankrupt are not relieved of their PERS Unfunded Liability obligations. He reviewed speculation regarding what courts may do for cities in relation to bankruptcy and their PERS obligations.

Mayor/Director Gomez opened public testimony at 8:29 p.m. There being no testimony, Mayor/Director Gomez closed public testimony at 8:29 p.m.

Moved by Councilmember/Director Medrano, seconded by Mayor/Director Gomez, and CARRIED UNANIMOUSLY (5-0) TO APPROVE RECEIVE AND FILE FISCAL YEAR 2018-2019 MID-YEAR BUDGET UPDATE; AND APPROVE THE UPGRADE OF A VACANT BUDGETED ADMINISTRATIVE AIDE III POSITION TO A MANAGEMENT ANALYST POSITION IN THE COMMUNITY DEVELOPMENT DEPARTMENT.

Said motion CARRIED by the following roll call vote:

AYES: Mayor/Director Gomez, Mayor Pro Tem/Director Beamish,
Councilmember/Director Espinoza, Councilmember/Director Shaw,
Councilmember/Director Medrano

NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

VII. MAYOR'S COMMUNITY CALENDAR:

Mayor/Director Gomez made the following announcements:

- As spring approaches, mark your calendar for the first "Movies in the Park." Leading off the series this year will be "The Incredibles 2," set to play at Portola Park on Friday, April 12, at dusk.
- La Habra "Egg Night" - Friday, April 19, from 7:00 p.m. – 8:00 p. at La Bonita Park.
- 8th Annual "Spring Family Eggstravaganza" - Saturday, April 20, from 9:00 a.m. to 12:00 p.m. at La Bonita Park.

VIII. COMMENTS FROM STAFF: None

IX. COMMENTS FROM COUNCILMEMBERS/DIRECTORS:

Mayor/Director Gomez asked that the meeting be adjourned in memory of Louis Mitchell Magano, who died tragically in a car accident at the age of 30. He congratulated Councilmember/Director Espinoza for all that she has done for the community. He expressed appreciation to City Attorney/Legal Counsel for all that he has done for the City. He thanked City staff for their hard work and dedication.

Councilmember/Director Shaw reported that he attended the Orange County Government Leaders Prayer Breakfast, the Orange County Taxpayers Association State of the County event with District Attorney Spitzer and Auditor/Controller Eric Woollery, and the La Habra State of the Community event.

Mayor Pro Tem/Director Beamish encouraged staff to work more closely with Council regarding the City's budget.

Councilmember/Director Espinoza stated that she attended the La Habra 5K Walk/Run event and that she placed second in her category. She announced that she had been selected as the 2019 honoree for the 4th District Women of Distinction Award that Supervisor Doug Chaffee will be presenting.

- X. ADJOURNMENT:** Mayor/Director Gomez adjourned the City Council Meeting in memory of Louis Mitchell Magano at 8:35 p.m. to Monday, April 1, 2019, at 3:45 p.m. in Administration Conference Room 210 (enter through Room 206) 2nd Floor 110 East La Habra Boulevard, La Habra, California for Commission interviews, followed by the Regular Meeting at 6:30 p.m. in the City Council Chamber. All other Meetings were adjourned at 8:35 p.m.

Respectfully submitted,

Laurie Swindell, CMC
Interim City Clerk