

MINUTES OF THE REGULAR MEETING  
OF THE LA PALMA CITY COUNCIL

May 16, 2017

CALL TO ORDER: Mayor Steggell 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.

PLEDGE OF ALLEGIANCE: Council Member Goodman

INVOCATION: Pastor Jerry Bennett, Faith Fellowship Church

ROLL CALL: Council Members

Council Members present: Council Member Goedhart, Council Member Goodman, Mayor Pro Tem Hwangbo, Council Member Kim, and Mayor Steggell

Council Members absent: None

City Officials present: Laurie Murray, City Manager  
Joel Kuperberg, City Attorney  
Michael Belknap, Community Services Director  
Douglas Dumhart, Community Development Director  
Terry Kim, Police Chief  
Sea Shelton, Administrative Services Director  
Kimberly Kenney, Deputy City Clerk  
Tiffany Dang, Community Services Intern

PRESENTATIONS

1. Police Chief introduced Erica Allison as the City's new Police Department Dispatcher.

ORAL COMMUNICATIONS

Sharon Nix, a La Palma resident, addressed the City Council regarding her opposition to the proposed 11-Unit Apartment Complex on La Palma Avenue.

Krista Marvin, a La Palma resident, addressed the City Council regarding opposition to the proposed 11-Unit Apartment Complex on La Palma Avenue.

Jerry Lomeli, a La Palma resident, addressed the City Council regarding his opposition to the proposed 11-Unit Apartment Complex on La Palma Avenue.

Steven Maikoski, a La Palma resident, addressed the City Council taking lessons from history so as to not make the same mistakes that were made in the past; that a historian and author, Larry Schwikart, will be the guest speaker at the 405-605 Patriots group; and reminders of the Nation's and State debt.

Wayne Jewel, a La Palma resident, addressed the City Council regarding his opposition to to the proposed 11-Unit Apartment Complex on La Palma Avenue.

Terry Goen, a La Palma resident, addressed the City Council regarding his opposition to the proposed 11-Unit Apartment Complex on La Palma Avenue.

Louise Sequeira, a La Palma resident, addressed the City Council regarding her opposition to the proposed 11-Unit Apartment Complex on La Palma Avenue.

Wally Zimmerman, a La Palma resident, addressed the City Council regarding taking resident concerns into consideration when voting on the proposed project; history of Sparrow Lane development; and reminded the City Council to represent the voice of the citizens who voted for them.

Laurie Hansen, a La Palma resident, addressed the City Council regarding having not received a response to her emails; a request to provide a study that shows how the proposed project affects crime and traffic; and her opposition to the proposed 11-Unit Apartment Complex on La Palma Avenue.

Mayor Steggell and City Manager Murray responded that Ms. Hanson's emails were never received and passed out their business cards to ensure the emails are received.

Bill Spradley, a La Palma resident, addressed the City Council regarding the history of resident concerns regarding the Sparrow Lane project; and City Council's support for the resident concerns.

Keith Nelson, a La Palma resident, addressed the City Council regarding his opposition to the proposed 11-Unit Apartment Complex on La Palma Avenue.

City Manager Murray responded that the next public hearing notice for this project will be sent to property owners within 500 feet of the project area instead of the 300 feet as required by law, as requested by the Development & Circulation Committee.

Yvonne Dowland, a La Palma resident, addressed the City Council regarding his opposition to the proposed 11-Unit Apartment Complex on La Palma Avenue.

RECESS THE CITY COUNCIL AND CONVENE THE CITY OF LA PALMA AS SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION AT 7:33 P.M.

Deputy City Clerk Kenney stated, "The City Council will now recess and convene as the Successor Agency to the Dissolved Community Development Commission of the City La Palma. Members of the La Palma City Council receive no compensation or stipend as a result of convening or participating in the Successor Agency or otherwise as serving as members of the Successor Agency."

CONSENT CALENDAR

A. Approval of Successor Agency Minutes

Minutes of the May 2, 2017, Regular Meeting of the Successor Agency.

B. Successor Agency 3rd Quarter Cash and Investment Report, Fiscal Year 2016-17, as of March 31, 2017

Receive and file the Cash and Investment Report for the third quarter of Fiscal Year 2016-17.

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

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

AYES: Council Member Goedhart, Council Member Goodman, Mayor Pro Tem Hwangbo, Council Member Kim, and Mayor 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 RECONVENE AS THE CITY COUNCIL AT 7:35 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 April 25, 2017, Special Meeting, and May 2, 2017, Regular Meeting of the City Council.
3. Approval of Register of Demands  
Resolution No. 2017-25 approving the Register of Demands for May 16, 2017.
4. City of La Palma 3rd Quarter Cash and Investment Report, Fiscal Year 2016-17, as of March 31, 2017  
Receive and file the Cash and Investment Report for the third quarter of Fiscal Year 2016-17.
5. Fourth Amendment to the Cooperation Agreement with the County of Orange for Urban County Program for Fiscal Years (FY) 2018-2019 through 2020-2021  
Approve and authorize the City Manager to execute the Fourth Amendment to the Cooperation Agreement with the County of Orange for Urban County Programs for Fiscal Year 2018-19 to 2020-21.
6. 2017 Annual Water Quality Report  
Receive and file the 2017 Annual Water Quality Report and direct staff to distribute the report to the residents of La Palma.
7. Third Quarter Operations Report – Fiscal Year 2016-17  
Receive and file the FY 2016-17 Third Quarter Operating Report.

Council Member Kim made a motion to approve Consent Calendar Items 1 through 7.

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

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

NOES: None

## REGULAR ITEMS

8. Rejection of All Bids and Authorization to Readvertise Notice Inviting Bids for STATE ROUTE 91 FREEWAY TREE REPLACEMENT – (City Project SR 91 Tree Replacement 2017-01)

Community Development Director gave the Staff Report.

Council Questions and Comments:

Discussion ensued regarding why the bid came in higher than the landscape architect's estimates; that CalTrans projects are automatically higher as a result of their requirements; that the economy is picking up, contractors are busy, and prices reflect that; that only two companies attended the required pre-bid meeting; that other agencies are experiencing the same issues; that the original maintenance and irrigation plan wasn't clearly described and will be going forward; that Caltrans requires proper State Licenses; and that a supplemental encroachment permit will need to be issued.

Reject without prejudice all bids received in response to the City's notice inviting bids for the State Route 91 Freeway Tree Replacement Project (the "Project"), and authorize staff to readvertise notice inviting bids.

Mayor Pro Tem Hwangbo made a motion to approve the rejection of All Bids and Authorization to Readvertise Notice Inviting Bids for STATE ROUTE 91 FREEWAY TREE REPLACEMENT – (City Project SR 91 Tree Replacement 2017-01)

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

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

NOES: None

9. "In God We Trust" and "E Pluribus Unum" Resolution

Community Services Intern Tiffany Dang gave the Staff Report.

Public Comment:

Larry Herman, a La Palma resident, addressed the City Council in opposition to the proposal.

Adopt a Resolution to add "In God We Trust" and "E Pluribus Unum" above and below the City Seal, respectively, in the City Council Chambers.

Council Member Goedhart made a motion to adopt Resolution No. 2017-26 adding "In God We Trust" above and "E Pluribus Unum" below the City Seal, respectively, in the City Council Chambers.

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

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

NOES: None

Council Member Goedhart noted his support for the presentation and added that the proposal is based on the country's National motto.

10. Discussion of Proposed FY 2017-18 Budget; Fiscal Policy Updates; and FY 2016-17 Budget Amendment

Administrative Services Director Shelton gave the Staff Report.

Questions regarding the Proposed 2017-18 Budget:

Discussion ensued regarding reductions in the graffiti abatement program; that graffiti is being addressed within 48 hours from notification; that reduction in the maintenance worker position has not impacted the response time; that graffiti abatement is dependent on the type of graffiti to determine urgency; that current funding is sufficient; that Staff can monitor graffiti over the next year; and

if the graffiti becomes problematic, Staff will bring it back during mid-year budget discussions.

Administrative Services Director gave the Fund Balances and Financial Policies presentation.

Administrative Services Director Shelton gave the Unfunded Pension Obligation presentation.

- a) Conduct an open discussion on the general content of the Proposed Fiscal Year 2017-18 Budget and provide direction for preparation of the final budget document as appropriate

Council Comments and questions:

Discussion ensued regarding appreciation for the staff presentation on the different options for investing in a Trust; Mayor Pro Tem Hwangbo gave an in depth explanation on the City's unfunded pension obligations, the history behind it, his comparison analysis of staff's recommendation of making lump sum payments versus creating a 115 Trust as the mechanism to pay the City's unfunded pension obligations, including different options for paying off the City's unfunded liability, that putting City money in an investment Trust results in paying down the unfunded pension liability with interest earned on the Trust, that staff's report is lacking an analysis that shows the income that could be made from a 115 investment, that his analysis includes the loss of future investment income, and whether the City should give up control of \$5 Million or retain the investment decisions, that once money is transferred to CalPERS that the City no longer has control of how the money is applied, that it doesn't matter what the actuary's analysis says - that what matters is what CalPERS tells us we have to pay. He continued by stating that the City has to take its time and be sure of the information before it makes a decision; that he has heard consultants recommend not giving money to CalPERS; and that the City should retain control of its monies.

Council discussion continued that investment income earned from the Trust can only be used for retirement costs; that the City would simply direct the investment type; that historically, CalPERS has a higher rate of return than a Trust would; that these discussions began about a year and a half ago; that Staff determined that the City could not make as much in a 115 Trust as could be saved by making a payment to CalPERS and therefore informed the City Council in January of their research and that they planned to hire Bartel and Associates to conduct an actuarial study; that Bartel and Associates provided a complex analysis taking into effect the estimated unfunded liability for CalPERS as of June 30, 2016, factored a variety of

rates of return over a 30 year period, took into account payments with a lower discount rate, and the result is what Staff is recommending - the \$5 million lump sum payment up front; that Staff's recommendation allows payments to CalPERS without further draws on Reserves, providing balanced budgets beyond the long term forecast of ten years, when CalPERS payments will level off and then drop off in 20 years; that Mayor Pro Tem Hwangbo's calculations do not factor in the additional unfunded liability balance that the actuary study did nor the benefits of a balanced budget for the long term; that it is a serious problem; that we need to address it; that there are differences in how to approach paying the City's unfunded liability obligations; City Council support for Staff's recommendation of \$2.5 million payment to CalPERS now and another \$2.5 million during the Mid-year Budget review; that unfunded CalPERS liability is a huge problem for all cities contracted with them; that the conversation is appreciated; the controls that the City has with a 115 Trust; the CalPERS spreadsheets; that consultant recommendations will differ; that staff's analysis does not include the loss of giving CalPERS \$5 Million; that Mayor Pro Tem Hwangbo believes that staff's recommendation provides balanced budgets but that it costs more in the long term than setting up a 115 Trust; that staff disagrees with that analysis and believes that there is greater savings with staff's recommendation – that Council Member Hwangbo's analysis does not show that the investment earnings would have to be used to make the payments; the difference in the carrying costs of the liability – that unless you make more in investments than you would save in making a lump sum payment, it makes more sense to pay the lump sum payment; the need to make sure that the payment is a good investment; that more time is needed before a decision is made; that more calculations need to be made; that the \$5 million is currently earning only 1%; that if the City makes the \$5 million payment to CalPERS now, we automatically earn an immediate savings by making that down payment now; that a higher rate of return for the 115 Trust could materialize if the City uses high risk investments which staff would not recommend; that with the \$5 million down payment to CalPERS, it will reduce our annual costs, gives the City a surplus in the budgets, provides a balanced budget over the next 10-20 years, and allows the City to set the surplus aside, setting up a 115 Trust to allow us to react when CalPERS drops their discounted rate; support for having a balanced budget moving forward; support for Staff's research; that Staff will come back at Mid-Year to review revenues prior to making the additional \$2.5 million payment, that if there are additional surpluses, Staff will return to Council with a suggestion on how to address the Surplus the following fiscal year; and that staff does not dispute the calculations in Mayor Pro Tem Hwangbo's handout.



Public Input:

Wally Zimmerman, a La Palma resident, addressed the City Council to clarify that CalPERS will publish information confirming the numbers presented in the fall and whether it would be more beneficial to wait until those numbers are presented before moving forward.

City Manager Murray responded that the City hired an Actuary to provide an indepth analysis for the City; that the analysis is much more conservative than CalPERS forecastss; and that Staff is confident in those projections and in its recommendation to proceed at this time.

- b) Adopt a Resolution approving and adopting revisions to the City's Fund Balance Reserve Policy
- c) Adopt a Resolution authorizing FY 2016-17 budget adjustment for a \$2.5 Million payment to CalPERS toward the City's unfunded pension obligation

Council Member Goedhart made a motion to adopt Resolution No. 2017-27 approving and adopting revisions to the City's Fund Balance Reserve Policy and adopt Resolution No. 2017-28 authorizing FY 2016-17 budget adjustment for a \$2.5 Million payment to CalPERS toward the City's unfunded pension obligation.

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

AYES: Council Member Goedhart, Council Member Goodman, Council Member Kim, and Mayor Steggell

NOES: Mayor Pro Tem Hwangbo

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

**Council Member Kim** attended the John F. Kennedy High School Scholarship Foundation Banquet; the Orange County Sanitation District (OCSD) Public Affairs Committee meeting; and the OCSD Administration Committee meeting.

**Mayor Pro Tem Hwangbo** attended the League of California Cities (LOCC) Pension Reform Workshop; the Anaheim Union High School District (AUHSD) Bond Oversight Committee Meeting; the 8th Annual Irvine Cultural Festival; and LOCC Orange County Division Board Meeting.

**Council Member Goodman** attended the LOCC Pension Reform Workshop and the Dedication and Naming Ceremony for Orange County's Homeless Shelter.

**Council Member Goedhart** had nothing to report.

**Mayor Steggell** attended the John F. Kennedy High School Scholarship Foundation Banquet and the Cypress Police Appreciation event.

CITY MANAGER REMARKS

**City Manager Murray** had nothing to report, but reminded everyone about the upcoming Memorial Day Ceremony at 9:15 a.m. at the Memorial Flame.

Community Services Director Belknap added that there are boxes at the City Hall and City facilities for an opportunity to help support the troops by donating items in need to those who are currently serving in our Military.

CITY ATTORNEY REMARKS

**City Attorney Kuperberg** had nothing to report.

CLOSED SESSION

City Manager Murray announced that Closed Session Item 2 has been pulled from the agenda.

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, City Manager  
Sea Shelton, 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

CS-2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Government Code Section 54957 Position Title: City Manager

Mayor Steggell recessed to Closed Session at 9:05 p.m.

Mayor Steggell reconvened in Open Session at 9:25 p.m. and asked for a report.

City Manager Murray announced that there were no reportable actions out of Closed Session.

ADJOURNMENT

Mayor Steggell adjourned the Regular Meeting of the La Palma City Council at 9:26 p.m.

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Michele Steggell  
Mayor

Attest:

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Kimberly Kenney  
Deputy City Clerk