

MINUTES OF THE REGULAR MEETING
OF THE LA PALMA CITY COUNCIL

June 17, 2003

Mayor Barnes called the regular meeting of the La Palma City Council to order at 7:00 p.m. on Tuesday, June 17, 2003, in the Council Chambers of La Palma City Hall, 7822 Walker Street, La Palma, California.

PLEDGE OF ALLEGIANCE

Austin Amaya, Orange County Award Recipient for the Local and Sectional Champ in the Pepsi Pitch, Hit and Run Competition, led the Pledge of Allegiance to the United States Flag.

INVOCATION

Pastor Sandra Heer, A Fountain of Living Water Methodist Church, gave the Invocation.

ROLL CALL:

Councilmembers present: Christine M. Barnes, Kenneth A. Blake, Alta E. Duke,
Larry A. Herman, Paul F. Walker

Councilmembers absent: None

City Officials present: Catherine Standiford, City Manager
Vince Giampa, Chief of Police
Tami Piscotty, Assistant to the City Manager
Ismile Noorbaksh, Director of Public Works/City Engineer
Jan Hobson, Director of Recreation & Community Services
Dominic Lazzaretto, Director of Community Development
Joel Kuperberg, City Attorney
Crystal Wilkerson, Administrative Secretary

PRESENTATIONS

On behalf of the City Council, Mayor Barnes presented Austin Amaya with a Certificate in recognition for being Local and Sectional Champ in the Pepsi Pitch, Hit and Run Competition.

ORAL COMMUNICATIONS

Andy Hilbert, 4812 El Rancho Verde, commented on the Orange County Transportation Authority right-of-way behind Amberwood Avenue and the study session on the Orange Line that was held before the Council meeting. He stated that the residents on Amberwood Avenue are interested in what is going to be approved. He mentioned that a resident on this street called OCTA and they mentioned that OCTA might be considering leasing this property. Mr. Hilbert stated the residents

located in Cypress who border this area have been offered the opportunity to expand their property by about 20 feet or this area might be considered as a green belt. He asked if Staff could clarify what happened in the study session since some residents in the audience were unable to attend. Andy Hilbert also stated that he understands that the design process of the Community Center has been stopped due to the State's budget situation. He said that maybe Council could make a ruling that any future construction at Central Park would preserve the basketball courts, baseball diamond and tennis courts now that the design process has stopped. He feels this is a perfect opportunity to preserve these athletic fields for the City's youth before another City Council takes over and the issues raised are overlooked, and then the community loses one of these courts or baseball fields.

City Manager Standiford stated that in the study session held earlier this evening, two consultants affiliated with the Orange Line Joint Powers Authority gave a presentation. She stated that this Authority is in its infant stages and hasn't yet been established. The Consultants are trying to get cities along the pacific electric right-of-way to consider joining the Joint Powers Authority and the Council heard a presentation on the status of the project and received information about which cities along the right-of-way are moving toward joining the JPA. Mrs. Standiford mentioned that there was no specific direction given by the City Council in terms of La Palma's position related to the Orange Line, other than the City Council asked the City Attorney and City Manager to review the draft Joint Powers Authority documents and provide them with a summary about what essentially the documents say, how easy it would be for the City to withdraw from the Joint Powers Authority if the City chooses to join, and what are the financial costs of participating and the potential long-term financial costs of participating. Mrs. Standiford stated that portions of the rail lines adjacent to arterial streets are being removed and the areas along these arterial streets are installing landscaping. This work is being contracted through OCTA, not through La Palma. She stated that it looks like the oil cars have ceased operation and that project is moving forward. Mrs. Standiford stated that OCTA has expressed a willingness to consider proposals to lease the property, but most of these proposals are for a relatively short period of time or have very specific language in their agreement that gives OCTA the right to terminate the lease at any point for purposes of transit use along the right-of-way. Mrs. Standiford stated that the design phase for the Community Center has been stopped pending Staff's ability to identify alternatives for the Community Center project because of the estimated costs to construct the project. As it has been

designed, it is well outside the City's financial resources to build it. She explained that it doesn't mean that the Community Center project is dead; it means that the City has stopped investing money in the design phase until the City can develop alternatives for how to proceed if the City decides to proceed. The City's commitment at this point is to bring these alternatives to the City Council at a study session, August 5, 2003.

Andy Hilbert, 4812 El Rancho Verde, stated that the City Manager mentioned that it was unfortunate that some of the residents couldn't attend the study session for the Orange Line and asked if the residents on Amberwood could be informed of any future meetings.

RECESS

Mayor Barnes recessed the City Council to convene as the Community Development Commission at 7:17 p.m. (See separate Community Development Commission Minutes.)

RECONVENING

Mayor Barnes reconvened the meeting in regular session at 7:31 p.m.

CONSENT CALENDAR

Councilmember Duke made a motion to approve the following item on the Consent Calendar:

ADOPTED RESOLUTION NO. 2003-27 APPROVING A REGISTER OF DEMANDS FOR JUNE 17, 2003

REJECTED THE CLAIM PRESENTED BY FLOYD JEWELL

APPROVED THE AGREEMENT RENEWAL BETWEEN THE CITY OF LA PALMA AND THE ORANGE COUNTY DISTRICT ATTORNEY'S OFFICE FOR PROSECUTORIAL SERVICES ON BEHALF OF THE CITY OF LA PALMA, AND AUTHORIZED THE MAYOR TO EXECUTE THE AGREEMENT

REJECTED ALL BIDS RECEIVED FOR THE REPLACEMENT OF A 1971 FORD BACKHOE TRACTOR/LOADER

ADOPTED RESOLUTION NO. 2003-28 CONCERNING THE STATUS OF THE CIRCULATION ELEMENT FOR THE CITY OF LA PALMA

The motion was seconded by Councilmember Walker and carried on the following roll call vote:

AYES: Barnes, Blake, Duke, Herman, Walker
NOES: None
ABSENT: None

REGULAR ITEMS

Proposed Orange County Sanitation District Sewer Rate Increase

City Manager Standiford stated that this is an item requested by Councilmember Walker and Councilmember Herman from the last Council meeting both of whom represent the City of La Palma on the Orange County Sanitation District Board of Directors. The Sanitation District is considering a sewer rate increase and this evening, Mr. Gary Streed, Director of Finance, will be giving a presentation on this matter. She stated that the purpose of this presentation is for the other Councilmembers to hear what the proposed Orange County Sanitation District fee increase and perhaps to provide some direction to the City's OCSD representative.

Mr. Gary Streed, Director of Finance for the Orange County Sanitation District, gave a presentation on the proposed sewer rate increase. He mentioned that the Sanitation District has 25 members on the Board of Directors which includes a representative of each City. He stated that they handle about 234 million gallons of wastewater a day. There are approximately 650 miles of 9 foot trunk line that the local sewers empty into. To notify people about the proposed rate increase, 500,000 notices were sent to property owners and they have received 2,000 phone

calls, emails, letters and voicemails and six of these came from City of La Palma residents. These letters were mainly inquiring if they should attend the hearing on June 25, 2003 and what the fee increase was about.

Mr. Streed stated that one of the visions for the Orange County Sanitation District is a healthy ocean. He stated that the discharge is 4 ½ miles off the coast of the Santa Ana River and they discharge about 200 feet deep. He mentioned that they spend a lot of money on ocean monitoring and have voted to move to secondary treatment standards and to disinfect the outfall. He mentioned that there are seventeen monitoring stations along the coast between Seal Beach and Corona Del Mar. The OCSD is participating in the Urban Run Off diversion program, where they take storm water during the dry periods, and take it to the sewage treatment plant. In Southern California, the sewer treatment plants are only designed to treat sewage, not runoff or storm water, so they don't have the capacity to do this year round but can take up to 10 million gallons a day of urban runoff.

Mr. Streed mentioned that the OCSD is committed to stewardship in all areas of the environment including air, water, land, and energy resources.

OCSD is also committed to a project related to the dairies in Chino. Mr. Streed explained that the water that comes off of the dairies when it rains goes into the groundwater basin and rivers, causing contamination. He mentioned that OCSD has developed a pilot program that has been taken over by an inland agency to retrieve this wastewater and run it to the sewer system for treatment in order to bypass the groundwater basin.

Mr. Streed stated that OCSD is also committed to beneficial reuse by providing the groundwater replenishment system and the bio-solid process which is a bi-product of the sewage treatment process which is used to fertilize plants.

Mr. Streed stated that the OCSD has two treatment plants; one in Fountain Valley and one in Huntington Beach. There are seventeen pump stations to raise water that is below the plant level.

Mr. Streed explained what the OCSD's funding requirements include. He stated that their needs for the next ten years include operations/maintenance, capital improvement outlay, and debt service.

Mr. Streed stated that the OCSD's largest sources of revenue are user fees, interest, and property tax.

Councilmember Herman asked Mr. Streed if the revenue figures reflected the 15% increase.

Mr. Streed responded positively.

Mr. Streed explained that OCSD looked at several different rate increase scenarios from 10%, 15%, and 20% to determine what rate they should increase the fees to, based on the long-term recovery over the next five years. The current rate (2002-2003) is \$87.50 for a single-family residential user. The rates will increase for 2003-2004 to \$100, 2004-2005 to \$115, 2005-2006 to \$132, 2006-2007 to \$152, and 2007-2008 to \$175.

Mr. Streed stated that the 10% increase did not allow OCSD to meet the debt coverage. The other percentage scenarios did allow them to meet the debt coverage.

Mr. Streed mentioned that the OCSD needs to raise about \$1.5 billion in COPS and they currently pay principal and interest through 2020 of \$2.2 billion. He stated that they will need to borrow more if there are lower rate increases. OCSD has come to the conclusion that a rate increase is necessary and now are trying to determine whether they should approve the 15% or not.

Mr. Streed stated that the OCSD will be meeting next week for the second reading of the proposed Ordinance to adopt a slow increase over the next five years starting at a 15% increase for 2003-2004.

Mr. Streed mentioned that the single-family residential rate is proposed to increase to \$100/household, multi-family residential to \$70/unit, non-residential users per 1,000 square foot

and range from 7% of the single-family rate to 796%. The non-residential users include warehouses, office complex, and restaurants.

Mr. Streed explained the process of their permit users. He stated they have about five hundred large industrial/commercial users. The OCSD bills on their actual flow, BOD, and solids. The reason for this is that industrial/commercial users have the ability to put a lot of wastewater into the system and they have the ability to put toxic or metals into the water. They pay about \$6 million dollars a year.

Councilmember Walker made a statement that the reason he requested a representative from OSCD to speak was to inform the other Councilmembers and to receive direction from them on the proposed 15% increase and whether he should vote yes or no at the next meeting, since he is the representative from La Palma.

Councilmember Herman asked for Mr. Streed to speak on the reserve fund that the Sanitation District currently has and its purpose and use.

Mr. Streed stated that they plan to have \$402 million by the end of 2003. This figure is set aside for several reasons, one being they will not have any income for the next five months of the year, so half has been set aside to pay debt which is about \$45 million. The next reason is the OCSD needs \$100 million for Capital Outlay. Debt Service is costing roughly \$20 million. They also set aside 10% for a contingency reserve which is estimated at \$10 million. OCSD has reserved a portion of this money for replacement, rehabilitation, and refurbishment of the infrastructure. This equates to roughly 30% and is about \$50 million. He stated the largest cost will be after the year 2020 and the replacement cost for the outfall portion that protrudes four miles into the ocean. They expect this cost to be \$170 million to replace and are saving ahead. The last item is the self insurance and they canceled their earthquake insurance last year, so they have planned a reserve which is roughly \$57 million.

Councilmember Herman asked Mr. Streed what it would cost the Sanitation District to reach full secondary treatment.

Mr. Streed stated that it will cost somewhere around \$422 million to build the facilities necessary for full secondary treatment and another \$109 million to rehabilitate the facilities that they currently have during this process to support it.

Mayor Pro Tem Duke stated that the OCSD is being financially prudent. The 15% increase over the five years to the user is not substantial and she does not have a problem in accepting the proposed program.

Mayor Barnes asked if there was any outcry or response from the business community in La Palma.

Mr. Streed stated that the OCSD did two notifications to the businesses. The first notice went to all of the property owners, the second went to the permit users. The OCSD received ½ dozen calls from the hundred property owners and the bulk of the calls just wanted to know why the rate was going up. They were satisfied with OCSD responses to their questions. OCSD received over 600 calls from residents and permit users and no one came across feeling like they were going to be overwhelmed with the increase.

Councilmember Blake made a motion to direct the representatives of the City of La Palma to support the OCSD proposed rate increase. The motion was seconded by Councilmember Duke and carried on the following roll call vote:

AYES:	Barnes, Blake, Duke, Herman, Walker
NOES:	None
ABSENT:	None

Amendment to the La Palma Municipal Code to Regulate Second Units on Residential Properties

Councilmember Herman made a motion to recommend that the City Council adopt, by title only, waiving further reading, an Ordinance of the City Council of the City of La Palma, amending Chapter 26 of the La Palma Municipal Code to regulate second unit residences. The motion was seconded by Councilmember Duke and carried on the following roll call vote:

AYES: Barnes, Blake, Duke, Herman

NOES: Walker

ABSENT: None

COUNCILMEMBER REPORTS FROM CITY-AFFILIATED COMMITTEES/COUNCIL REMARKS

Councilmember Herman attended the Orange County Sanitation District meeting as Councilmember Walker's alternative. He stated that they received their proposed budget. He also attended the Buena Park High School Award ceremony where Jessica Muller received a Scholarship Award from the City of La Palma.

Mayor Pro Tem Duke stated that there wasn't a Library Board meeting this month. She did attend the Annual Retreat for the Southern California Association of Governments in Brea. She mentioned that SCAG voted to oppose AB 1221. She stated that she will have more to report on the proposal that Mark Paesano, Executive Director, made in regard to advancing highway or byways by rail so there can be dedicated highways for the trucks to get them off the freeways and hopefully alleviate congestion. Mayor Pro Tem Duke also attended the Buena Park High School Award Presentation where Jessica Muller received a Scholarship Award from the City of La Palma.

Councilmember Blake attended the Buena Park High School Award Presentation. He also attended the Volunteer Recognition Dinner. He also represented the City at the Centralia School

District Modernization kick-off where they mentioned that they will be trying to the eight schools in fourteen months.

Mayor Barnes attended the D.A.R.E. graduations at Miller and Luther Schools. She also went to the retirement party for former Walker Junior High Principal, Dr. Jan Billings, where she presented a proclamation on behalf of the City Council.

Councilmember Herman asked the City Manager if the City has heard anymore on the development of the Centralia Food Distribution Center.

Mrs. Standiford stated that the City received a telephone from the Superintendent wanting clarification on what the City was requesting and nothing has been submitted from Centralia since then.

CITY MANAGER COMMENTS

Mrs. Standiford reminded the Council that the La Palma Police Department and the La Palma Police Association will be hosting the Chamber of Commerce Mixer on Wednesday evening at 5:30 p.m. There will be tours and displays available for the public.

She also stated that there will be a media blitz that will occur Wednesday regarding the State Budget. There will be eight press conferences facilitated by cities, counties, and special districts to oppose the State's proposal to permanently shift \$1.16 billion dollars in local government funds to the State to help balance the State's budget. The City has already sent letters to Senator Johnson and Assemblyman Harman to state the City of La Palma's concerns. She explained that La Palma's share of this permanent shift would be \$254,000 of the City's General Fund per year and that's in addition to the \$500,000 in property taxes that is currently going to the State. It does not include a potential shift of redevelopment funds.

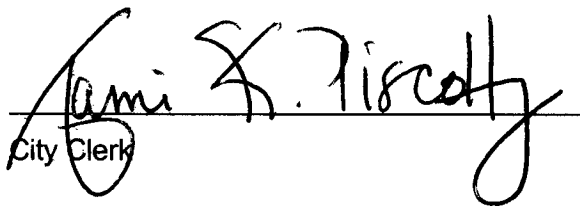
ADJOURNMENT

Mayor Barnes adjourned the meeting at 8:28 p.m. to a closed session pursuant to Government Code 54957.6: Conference with Labor Negotiator.



Mayor

ATTEST:



City Clerk