

**MINUTES OF
A REGULAR MEETING
OF THE CITY COUNCIL OF THE CITY OF
PALOS VERDES ESTATES, CALIFORNIA**

September 9, 2008

A regular meeting of the City Council of the City of Palos Verdes Estates was called to order this day at 7:30 p.m. in the City Council Chambers of City Hall by Mayor Joseph C. Sherwood, Jr.

PLEDGE OF ALLEGIANCE

**ROLL CALL: Councilmembers Humphrey, Rea, Mayor Pro Tem Perkins,
Mayor Sherwood**

ABSENT: Councilmember Goodhart

**ALSO PRESENT: City Manager Hoefgen, City Attorney Pannone, Assistant City
Manager Smith, Police Chief Dreiling, Public Works Director Rigg,
City Treasurer Ritscher, Administrative Analyst Davis,
Deputy City Clerk Kroneberger**

CEREMONIAL MATTERS

Mayor Sherwood thanked Robert L. Kennedy for his 5 years of service on the Traffic Safety Committee and acknowledged his years of service to the community in different capacities in and around his neighborhood of Lunada Bay. He presented Mr. Kennedy with a token of the City's gratitude, a crystal paperweight. Mr. Kennedy read the inscription and thanked the Mayor.

Chief Dreiling introduced Officer Tony Gonzalez and spoke of his 20-year military career before becoming a police officer with the PVE Police Department. Upon nearly 10 years of service, Officer Gonzalez completed the sergeant's exam successfully and Chief Dreiling proceeded to administer the oath of affirmation and, as elected by Sergeant Gonzalez, pinned on his badge.

Sergeant Gonzalez thanked the City and his fellow officers for providing the opportunity to serve.

MAYOR'S REPORT – Matters of Community Interest

CONSENT AGENDA

Mayor Pro Tem Perkins stated that she attended the August 19th Planning Commission Meeting and would like to remove Item 5b, as it appears on the Agenda, Planning Commission Application NC-1226RII-08 for 4101 Via Picaposte, from the consent agenda and schedule it for a public hearing. She moved that Item 5b be scheduled for a public hearing, pursuant to Palos Verdes Estates Municipal Code subsection 17.04.100. E.2. The motion was seconded by Councilmember Humphrey and was unanimously adopted by oral vote; Goodhart absent.

It was moved by Councilmember Humphrey, seconded by Councilmember Rea, and unanimously approved (Goodhart absent; Rea abstained on vote for Minutes of July 22, 2008; Humphrey abstained on vote for Planning Commission Actions for NC-1090RII-08, 2005 Via Acalones) that the following Consent Agenda items be approved:

- **MINUTES OF CITY COUNCIL MEETING OF JULY 22, 2008**
- **CITY TREASURER'S REPORT – JULY 2008**
- **POLICE TOWING SERVICES - APPROVE AN AMENDMENT TO EXTEND THE CONTRACT WITH VAN LINGEN TOWING, INC. TO PROVIDE EXCLUSIVE**

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**POLICE TOWING SERVICES TO THE CITY THROUGH DECEMBER 31, 2011,
PURSUANT TO THE TERMS AND CONDITIONS OF THE EXISTING CONTRACT**

- **APPROVE A SPECIAL EVENT APPLICATION BY THE PENINSULA COMMITTEE LOS ANGELES PHILHARMONIC ORCHESTRA TO HOST THE 36TH ANNUAL “PENINSULA MUSIC FAIR” AT PALOS VERDES HIGH SCHOOL ON SUNDAY, OCTOBER 5, 2008, FROM 11:00 A.M. TO 4:30 P.M.**
- **PLANNING COMMISSION ACTIONS OF AUGUST 19, 2008**

NC-1324/GA-1432-08; Consideration of Neighborhood Compatibility and Grading Applications for a new single family residence located at 3641 Via Palomino. Lot 11, Block 6215, Tract 6887.

Applicant: Lane Building Designs
Action: Approved with conditions

NC-1090RII-08; Consideration of a revised Neighborhood Compatibility Application for revisions to the single family residence located at 2005 Via Acalones. Lot 13, Block 1551, Tract 7333.

Applicant: Ashai Design
Action: Approved with conditions

M-679-08; Consideration of a Miscellaneous Application for a new detached structure at the single family residence located at 2108 Chelsea Road. Lot 3, Block 2200, Tract 7331.

Applicant: Michael Russell
Action: Approved with conditions

M-680-08; Consideration of a Miscellaneous Application for structures exceeding the maximum allowable height at the single family residence located at 1429 Via Zumaya. Lot 66, Tract 27438.

Applicant: Unique Environments
Action: Approved with conditions

Mayor Sherwood commented on the Peninsula Music Fair being held on the grounds of Palos Verdes High School in October and encouraged attendance.

COMMUNICATIONS FROM THE PUBLIC

Siobhan Kelly, RPV resident, introduced herself as a volunteer with the Humane Society of the United States. She requested City Council’s endorsement of Proposition 2, The Prevention of Farm Animal Cruelty Act. She commented that this measure would end the inhuman practice of caging farm animals in California. She provided a summary of organizations and officials in California which support this measure, stating it is a reasonable reform and other states have passed similar laws.

PUBLIC HEARINGS

**REQUEST TO APPEAL PLANNING COMMISSION DENIAL OF NC-1327/GA-1433-08;
CONSIDERATION OF NEIGHBORHOOD COMPATIBILITY AND GRADING
APPLICATIONS FOR A NEW SINGLE FAMILY RESIDENCE LOCATED AT 2116 VIA
RIVERA. LOT 5, BLOCK 2204, TRACT 7141**

**Appellant/Owner: Ray Holdsworth
2116 Via Rivera
Palos Verdes Estates**

**Applicant: Jeffrey A. Dahl
18681 Amalia Lane
Huntington Beach, CA 90277**

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Mayor Sherwood asked if Public Notice had been properly given. City Clerk Smith responded that it had.

Planning Director Rigg introduced this application for a new 5634 sq. ft. (6323 sq. ft. gross floor area) two story home with basement, garage, and various site improvements. He said the maximum allowable square footage on this lot is 6457 sq. ft. with 20% of the 30% allowable building coverage proposed. The maximum height of the project proposed is 28.5 ft. Originally reviewed in July, 2008, concerns were raised by the Planning Commission regarding the appearance of a 3-story element at the front elevation, the massing, height and overall size. Suggestions to reduce the height were made--one commissioner suggested a minimum 24 in. height reduction; another commissioner expressed concerns with the removal of the large magnolia tree at the front of the property, noting it would make the structure appear more massive from the street. The project was continued to August 19, 2008; two changes were made to the plans: an increase in grading by 145 cu. yds., and the building decreased in height by 18 inches. No changes were made to the size of the home. The Planning Commission still expressed concerns with the size and massing of the project. He said one commissioner noted that the project would ultimately dominate that corner of the street and that the removal of the magnolia tree would only exacerbate the issue. The project was denied by unanimous vote.

Planning Director Rigg said the appeal of the owners purports that the proposed project not only meets the guidelines set forth by the Neighborhood Compatibility ordinance, but also has the support of the neighborhood, and is similar to their recently approved project at 2120 Via Rivera (approved with a 2 ft. height reduction). Mr. Rigg said the gross floor area of the project at 2120 is 5914 sq. ft. on a 17,157 sq. ft. lot, while this project has an additional 400 sq. ft. of gross floor area on a lot that is nearly 1500 sq. ft. smaller. He said a letter from the architect was included with the appeal document which describes the design elements utilized to minimize the massing while giving consideration to the shape of the lot and existing grade contours. He recommended that the City Council confirm the Planning Commission's decision to deny the application.

Mayor Sherwood asked if the square footage of the garage is included in the comparison chart provided. Mr. Rigg responded that it is not included. Mayor Sherwood opened the public hearing.

Ray Holdsworth, [resident], owner/appellant, provided a PowerPoint presentation. He said this street was planned in the 50's and it was a dead-end cul-de-sac. When expanded to PV Drive West, it included newer lots that came up on the northern west side; he showed 5 houses that back up to Margate school for comparison. He said assessor's data reflected 2007 data and new approvals (2120 [Via Rivera] and 2304 Via Carrillo) paint a different picture of the street and it is now a neighborhood in transition. Including these 5 houses, he said the average now becomes 3680 sq. ft. When including the data of the newly approved projects, 150% would equate to 5500 sq. ft., thus their project ratio is now 133% of that number. He said the front of the home is on a pie-shaped lot—30 ft. at the front to 150 ft. in the back, with a 43 ft. upward grade. He said their project is ~581 sq. ft. larger than the house next to them at 2120, which is a two-story home with garage underneath it; the same as they are planning. He said 1/3 of the project is in the basement with 2/3 on the first floor with their second floor at 26 ft. smaller than the [home] that was approved by Planning Commission and Council in July. He said they lowered their house in the front, they've come out about 5 or 6 ft. and they've come down about 2 or 3 ft. from the roof line that is there presently. Mr. Holdsworth said they were asked to reduce their home by 18 inches, they took it down, and the side view shows that it would be lower than the present existing home. He said neighboring trees mask the project and showed pictures from the neighboring home, which provides privacy. He said their project is reasonably compatible, as is their lot size and square footage. He said they have Art Jury approval and all the neighbors on the street support their program. He said they don't block any views, they have privacy, and they are trying to preserve every natural feature they can. He said they worked very hard with all the neighbors to make sure this house fit in and blended into the neighborhood. He concluded that [the neighborhood] was planned in the 50's and did not think they should be penalized for having a bigger lot size. Taking the 20 smaller lots, the average size is just a shade over 2000 sq. ft.; on the five larger lots, it's 3600 sq. ft. He said they are not trying to change the guidelines or criteria, but to apply it based on recent approvals on those neighborhoods of lots that are similar.

The following neighbors voiced their support of the project:

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Virginia Butler, [PVE RESIDENT]
Les Fishman, [PVE RESIDENT]
Howard Weinberg, [PVE RESIDENT]

Councilmember Rea said it is a beautiful proposal, but did not find any error made by the Planning Commission in its process. He said there is ample evidence to support their decision to deny the application. One of the findings they would have to make to approve this application is the that the proposed development is designed and will be developed in a manner which will be reasonably compatible with the existing neighborhood character in terms of the scale of development in relation to surrounding residence and other structures. The Planning Commission was concerned by the apparent size, mass, and height of the proposed structure and that is why they could not make this finding.

As Mr. Holdsworth points out, Councilmember Rea agreed that this is a transitional neighborhood, but this is not a transitional home; it is simply too large to meet the definition of a transitional house. As found on the neighborhood comparison chart, he said the square footage on the proposed residence is more than twice as large as the average home in the neighborhood, understanding that the chart does include smaller lots as well as the larger lots. The average lot size is ~10,000 sq. ft. If just looking at the larger lots, he continued, comparing this [project] against the 9 lots which are larger than 10,000 sq. ft., then this proposal is still more than twice as large as the average house on a larger lot. The floor area ratios (“FAR”) is 31.3%, which is above the average 26.4% for all lots. Of the larger (9) lots, the FAR is almost twice as large. He said the applicant invites us to compare this proposal to the recently approved project next door at 2120 Via Rivera, but he didn’t feel the comparison favors the applicant. It is a smaller house on a larger lot and the FAR for 2120 is less than the neighborhood average; smaller lots inclusive. The proposed structure does have a 3-story appearance from the street, which he observed is something new to the area, and it adds to the apparent massing. He stated that the Neighborhood Compatibility ordinance is not a vote of the neighborhood. Input from the neighbors, and the neighborhood meet-and-confer process are very important because they can disclose a privacy or view impact of which the applicant is unaware and then can be addressed or remedied before the project is presented to the Planning Commission. He emphasized that neighborhood approval is not part of the ordinance, nor should it be, in his opinion. The owners are held in high esteem by the neighbors, but it is not the issue before the Planning Commission. Although the Art Jury has approved this, it is not relevant to the Neighborhood Compatibility application. There is a division of responsibility between the Art Jury and the Planning Commission. He concluded that since he found no error in the process and there is ample evidence to support the Planning Commission decision, he supported denial of the appeal upholding their decision.

Commissioner Humphrey was in concurrence. She was present at the Planning Commission meeting in July when this application was initially heard and that of the project next door, including the concerns voiced. Upon review of August minutes, the concerns were not abated to the Planning Commission. As Councilmember Rea said, she did not see any error in the discussion, deliberation, and application by the Planning Commission to this particular project. She said the project next door was a totally different project and the discussion was different for that project. She was not as concerned with the magnolia tree, but is concerned about the massive appearance of the house to the street and would uphold the decision of the Planning Commission.

Mayor Pro Tem Perkins attended the August Planning Commission meeting. When she heard the presentation, she was impressed so much by the approach the applicant took in talking to the neighborhood and making sure their concerns were addressed. If that is what they meant by ‘neighborhood compatibility,’ she said they could not have done it any better. The Municipal Code, however, requires 4 particular findings [for Neighborhood Compatibility]. They could definitely find for the first regarding the preservation of the natural features of the land, and that privacy and views are being preserved. She said neither the Planning Commission, nor she, could make the finding that the project is reasonably compatible with the existing neighborhood character in terms of scale of development in relation to surrounding residences and other structures. If the standard were that [the project] is reasonably compatible with other structures on similarly situated lots in the neighborhood, as the applicant presented, she said then it would be different; the entire neighborhood is considered. She is familiar with the street and when she walked up and down, she agreed there are a lot of small lots that have small houses, but even when you look at the impact from the street with the larger houses on the larger lots, [the project] is massive. She said the

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Planning Commission made some good suggestions as to how it could be reduced a little bit more in order to meeting the NC standard. Her position was to uphold the position taken by the Planning Commission and supported denial of the appeal.

Mayor Sherwood said he did not disagree with anything he'd heard. First, he congratulated the applicant for having the neighbors involved in this process. He was at the property three times looking at this project; all neighbors said [the applicants] are good people and good neighbors, but they are not in a process to determine or evaluate this. The basis for examination of this appeal is its compliance with the Neighborhood Compatibility ordinance and guidelines. He commented that this project is over 170% of the average when considering the 2 homes listed on the neighborhood comparison chart that are on similarly sized lots. In his review of the minutes, he stated that it is clear that the Planning Commission found the home too massive, too high, and the building coverage is only 20% of the 30% allowed, which means more of the project could be put on the ground level. He said this house has the appearance of a 3-story home which you could see clearly from the street. The Art Jury approves the architecture and he commented that, on occasion, they do recommend when they think the mass is too large. A reduction of 18 of the 24 inches requested was presented to the Planning Commission, according to the minutes, and there was no reduction in the mass at all. It is massive in the neighborhood and when compared with the whole neighborhood, it is over 200% of the average. He said he, too, found no reason to overturn the decision of the Planning Commission.

On motion of Councilmember Rea to deny NC-1327/GA-1433-08 for 2116 Via Rivera, seconded by Councilmember Humphrey, it was carried by unanimous oral vote; Councilmember Goodhart absent.

RESOLUTION R08-25: ADOPTING FEES FOR VENDING FROM VEHICLE PERMITS

Mayor Sherwood asked if Public Notice had been properly given according to law. City Clerk Smith responded affirmatively.

City Manager Hoefgen said the Council adopted an ordinance regulating the operation of catering vehicles in July. A substantial amount of feedback was received by residents regarding the impact of these vehicles, including traffic, noise, litter, and overall disruption to the community. The ordinance had a number of new provisions, including a requirement for them to not be further than 250 feet from a restroom that their patrons are permitted to use. This was to assure catering vehicles go to construction sites where there is a porta-potty available rather than have them parked in a residential neighborhood and have the patrons come to them. Operations could occur only Monday through Friday from 9:00 a.m. to 5:00 p.m.; and no vending shall be permitted for a period of time in excess of 30 minutes at one location before they had to move. The item tonight is to implement fees for both the operators (the companies that own the catering business) and for the vendors (individuals who work on the trucks) as outlined in the ordinance. The purpose of the fees is to recover the City's costs associated with the staff time of processing and administering operations/vendors permits including the required background investigations. The standard is to not profit from these permits, nor are we to have the general fund subsidized. Analysis upon consultation with other similarly situated cities resulted in an estimate of the staff time associated with this permit activity, as well as the background check from the Police Department.

Annual fees are as follows:

Operations Permit	\$266 (for the catering company/corporation)
Vendor's Permit	\$173 (for each individual working as a vendor)
Appeal Fee	\$250 (for appeal of denial/revocation of either an Operations Permit or a Vendor's Permit)

Mr. Hoefgen stated that after a year's activity, they would review the rates and return to Council if adjustments are to be recommended. The catering operators have been contacted and are aware of this process. Some improvement has been seen in terms of the trucks not parking at the same locations as they have in the past.

Councilmember Humphrey asked if the vendors would be required to have a City business license as well. City Manager Hoefgen replied affirmatively.

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Councilmember Rea asked if the catering trucks currently operating in the City have business licenses. City Manager Hoefgen said the two companies they've had the most interaction with do have business licenses.

Mayor Sherwood asked about quality of food and inspections of the vehicles. City Manager Hoefgen said the County Health Department monitors this aspect of their operations.

Councilmember Humphrey said concerns with the operations of the trucks, such as sanitary issues, can be reported to the Health Department.

Mayor Pro Tem Perkins asked if the City had a sense of staff time and costs. City Manager Hoefgen said they conferred with Lawndale, Manhattan Beach, Torrance, and Redondo Beach and used the model of massage technicians and operators; although not the same, their operations are similar. They averaged their fees and factored in an hourly rate of \$60 staff time; it was determined 3.5 hours of time for operations permit processing and 2 hours to administer a vendor's permit.

Mayor Sherwood opened the public hearing, and with no one interested in speaking, closed the public hearing.

On motion of Mayor Pro Tem Perkins, seconded by Councilmember Rea, Council unanimously adopted Resolution R08-25 to implement fees of \$266 for an operator's permit application, \$173 for a vendor's permit application, and \$250 for the appeal of a permit denial or revocation for vending from vehicles permits. (Goodhart absent)

OLD BUSINESS

AWARD OF PROFESSIONAL SERVICES AGREEMENT TO GMU GEOTECHNICAL, INC. & HUITT-ZOLLARS, INC. FOR DESIGN OF SOLDIER PILE WALL TO SUPPORT 900 BLOCK OF PALOS VERDES DRIVE WEST AND ADOPTION OF RESOLUTION R08-26, ADJUSTING THE FISCAL YEAR 2008-09 BUDGET

City Engineer Rigg summarized the activity in Bluff Cove--there were 2 landslides in the area in the mid-80's; one of them towards the north end continually crept into the roadway and over time extensive patching had to be done. At one point, the striping of the entire roadway had to be moved over to keep the roadway away from the landslide. In November 2003, a variety of monitoring points was placed throughout Bluff Cove to determine the extent of the problem and was monitored until 2006. Results indicated there was no significant movement in the Bluff Cove area except for where they had been specifically seeing the movement. City Council authorized further investigation by a collaborative effort between a coastal engineering firm, Moffatt and Nichol, and the City's geologist; their report was titled Palos Verdes Drive West Coastal Engineering Assessment. Their intent was to try to figure out what was moving, how much, where and what could be done to stop it. They particularly took a look at what was perceived as a possibility of erosion of the toe of the landslide and elsewhere in the bluff to create a significant issue that might be remedied. Their recommendation was that there wasn't a lot that could be done at the bottom of the bluff, but potentially some things could be done at the top to protect the roadway. Additional investigation was recommended which centered around borings in and around the slide, which Council authorized. Another report concluded that the extent of the landslide was essentially where we were seeing it into the roadway; they were fearful it could have gone further upslope and even into Via Montemar. Grading to mitigate the landslide did not appear to be a viable option due to construction impacts on the surrounding area and lengthy road closures. A soldier pile wall along the western portion of PV Drive West at the crescent asphalt repair area is feasible from a geologic and geotechnical perspective. Council authorized staff to go forward and receive engineering proposals to create the construction documents to more fully define the design options, create preliminary cost estimates and preliminary designs, present the results to Council, and then proceed to create construction documents based on the option Council chooses. Piles or piles with tie backs may be looked at as well. Subsequent to a job walk the project went out to bid; three excellent proposals were submitted. Mr. Rigg said the proposals were reviewed independently by him, the capital improvements engineer Floriza Rivera, as well as the City Geologist Jim Lancaster. They all concluded that GMU Geotechnical was by far the superior firm based on their experience and they had performed similar services recently on a variety of projects and have a highly qualified long

term staff. Fortunately, GMU had the lowest bid. There are \$400,000 of Proposition 1B funds that have been designated for the design and construction of measures to protect Palos Verdes Drive West, specifically for roadway projects in the City that aren't previously programmed and part of ongoing maintenance-type activities; this is the perfect type of project. R08-11 was adopted by Council, which designated these funds for the design and construction of remedial measures adjacent to the Bluff Cove landslide. \$113,250 for GMU can be taken from these allocated funds. It was not specifically designated within this year's budget. Accordingly, Budget Resolution R08-26 designates the Proposition 1B for these design costs. He recommended that Council award a professional services agreement to GMU Geotechnical Inc. and Huitt-Zollars, Inc. in the amount of \$113,250 for the design of a soldier pile wall to support Palos Verdes Drive West and adopt Resolution R08-26, adjusting the FY08-09 budget.

Councilmember Rea said they were given a number of choices to address this situation and Council narrowed the list down slightly; do we expect the designers will come back with alternative proposals to choose among or a single proposal they like best?

City Engineer Rigg said there were two options—either seismically design or non-seismically design walls with either soldier piles only or soldier piles and tie-backs. GMU's experience has been to use soldier pile walls a number of times to shore up roadways, which is a tried and true method. There wasn't anything that stood out in their conversations where something else was suggested. The first phase of the project is to see if they have some different ideas; they would be brought back to Council quickly. Based on the discussions in the field, he said he wouldn't expect anything too different.

Councilmember Rea asked how long it would take for them to come back to us. Mr. Rigg said they provided a schedule which indicated it would take 8 weeks to create the preliminary design report. Once contract documents are executed, they could be back to the Council in December.

MPT Perkins asked if the preliminary designs will show either with or without the tie-backs or other recommendations. Mr. Rigg said at a minimum he would expect to see a preliminary design cost estimates for soldier piles without tie-backs, one with tie-backs, and whatever else they may suggest. MPT Perkins asked would we then research other funds available for construction. Mr. Rigg said there is a lot of competition for a limited amount of funds, but as we have a defined concept, they will start shopping for federal funds available.

MPT Perkins said we should know by the time we develop next year's budget then as to whether or not there is the possibility of getting outside funds, or if the project has to be put on hold while they are budgeting from our own funds. Mr. Rigg concurred; they would have the cost estimates and Council could make the decision based on their success how much to budget.

Mayor Sherwood asked how this will be presented to us by GMU. Mr. Rigg responded it would be like other options regarding geology in the past. Options will include relative risks, relative rewards, with costs v. long term stability options and cost benefit judgment. The more spent, in some cases, the better the result.

Mayor Sherwood asked if construction companies may be recommended. Mr. Rigg said yes, on specialized work like this, we would ask them to provide us with construction firms that could do the work, although they would have to publicly bid the project.

Mayor Sherwood asked if the GMU could possibly be the oversight management group, or would we do that ourselves? Mr. Rigg said part of their cost proposal is that they would provide construction services if we run into different ground conditions, they would be there to provide back-up new design if there are changed conditions in the field. The day-to-day review out in the field would be done by our building inspectors, but the City Geologist would be the main person overseeing this project. Mr. Rigg said GMU are not in the nature of building things; in the City we provide oversight on private construction projects; we have the depth of resources and this would carry over very smoothly to a project like this.

Councilmember Humphrey noted that [on the contract] exhibit, [GMU] would provide coordination with affected utilities, provide assistance during the bidding process, provide construction assistance

by attending pre-construction progress meetings, etc. She concluded that there would be strong involvement as the project progresses.

Mayor Sherwood asked if the geologist would be on-site full time with the project. Mr. Rigg said they would be there every step of the way; on-site much of time.

Mayor Sherwood asked how far they would drill for stability of the vertical piece. Mr. Rigg said this would be up to GMU to determine; some borings have been done and he did not know if they would want to do additional borings.

On motion of Councilmember Humphrey, seconded by MPT Perkins, Council unanimously awarded a professional services agreement to GMU Geotechnical, Inc. & Huitt-Zollars, Inc. in the amount of \$113,250 for the design of a soldier pile wall to support Palos Verdes Drive West, and adopted Resolution R08-26, adjusting the FY08-09 budget. (Goodhart absent)

NEW BUSINESS

REQUEST TO APPROVE A REVISED AND RESTATED CONCESSION AGREEMENT WITH THE PALOS VERDES BEACH AND ATHLETIC CLUB TO PROVIDE AN INCREASE IN THE PERCENTAGE OF RESALABLE MEMBERSHIPS AND APPROVE AN AMENDMENT TO THE PVBAC FY 2008-09 CAPITAL BUDGET TO PROVIDE FOR THE CONSTRUCTION OF A SECOND JACUZZI

Assistant City Manager Smith reported that the Palos Verdes Beach and Athletic is requesting an amendment to the concession agreement to increase the percentage of resalable memberships allowed from 60% to 65% to assist with financing the construction of a second Jacuzzi. A second Jacuzzi has been the most desired highly ranked amenity in a survey of club members; the current Jacuzzi is used heavily by teenagers and children. The intent is to restrict the second Jacuzzi, once constructed, to adult use only. There are 610 current memberships, thus if the percentage changed, it would provide for an additional 30 resalable memberships. She said this club is unique in that there is a regular and resalable membership, as well as resident and non-resident memberships. The 2007-08 club budget included \$200,000 for the construction of the Jacuzzi. Unfortunately, the bids came in higher and \$300,000 is needed for total funding and a contingency. Council liaisons met club representatives, President Julie Taylor and Financial Advisor Richard Govenar, to discuss the amendments. Member initiation fees are restricted to capital use and the Board of Directors examined several alternatives for funding the construction, including funding the full project from the capital balance, levying a special assessment, or requesting an increase in total membership. The preferred method by the Board is to increase in the percentage of resalable memberships—adding 30 to the resalable category. If approved, it is recommended that the offer to upgrade to a resalable membership be at least 45 days after the Council action to allow the club time to notify all the regular members of the opportunity to upgrade to a resalable membership. Council may also wish to restrict this to resident regular members only because there are non-residents that hold regular memberships, but there is no benefit to having a non-resident upgrade to a resalable membership. Council liaisons were also supportive of the Beach Club's request to amend the concession agreement as suggested.

Councilmember Rea said 31 resalable memberships were discussed at the meeting. Ms. Smith said that percentage calculation, based on 610 memberships, comes to 30.5; the Board rounded up, and the liaisons rounded down. She said the revenue that will be derived from the upgrades for the resalables provides an \$8000 differential per membership; so, at 30, there will be more than enough to make up for the shortfall from the initial amount they were willing to commit to the project.

Councilmember Rea asked Assistant City Manager Smith to expound on the alternative suggestion of a 2% increase in resalable memberships (12) rather than 5%. Ms. Smith explained that the Club had initially been willing to commit \$200,000 of current capital fund balance to the project, so the shortfall is \$100,000. By increasing the percentage a full 5%, assuming everyone takes advantage of the 30 memberships, they would generate \$240,000 towards the project, when really only \$100,000 was needed. She said it was not discussed at the liaison meeting.

Councilmember Rea asked for the philosophy behind maintaining non-resalable memberships at the Club as opposed to going to all resalable memberships, querying if it is to maintain a lower cost membership for people in the community. Ms. Smith explained that the initial cash outlay for a regular

membership is \$8000; for a resalable, it is \$16,000. Past Councils have felt that there is definitely a benefit to having that lower entry amount into the Club.

MPT Perkins asked if the restriction suggested is in the revised agreement, or would it have be included by motion tonight? Ms. Smith asked that it be included as part of the motion. MPT Perkins agreed that there was no benefit in offering the resalable memberships to non-residents when there is such a demand within our own City. Ms. Smith said the Club feels the same.

Councilmember Humphrey asked what happens if this option isn't picked up. Richard Govenar, PVBAC Financial Consultant, said they do not anticipate this at all. The majority of people on the waiting list [for Club membership] want the resalable membership. He said this would help in the turn-over memberships as well as raising the capital. He said they anticipate there will be a line once this is opened up to the membership.

Councilmember Rea commented on a situation some time last year where a non-resalable membership opened up and the Club had to go a couple dozen positions down the waiting list before they found someone willing to take it. Mr. Govenar confirmed this and it took them about two months to do it.

Councilmember Rea commented that it may be appropriate that priority be given to residents, then offer [the resalable memberships] to the non-residents in the event residents don't take the opportunity.

MPT Perkins disagreed; she did not see any benefit to non-residents holding a resalable membership.

Mayor Sherwood said it may be moot point; he didn't think there would be a problem.

Councilmember Humphrey commented that memberships were offered to non-residents because there was lack of interest at first, but as the Club became more popular over the years, the intent was that membership of the Club would be residents who are the taxpayers of the City.

Councilmember Rea supported MPT Perkins suggestion; if they don't sell [to the residents] then it can be changed.

On motion of Councilmember Humphrey, seconded by Councilmember Perkins, City Council unanimously approved the proposed revised and restated concession agreement between the City of Palos Verdes Estates and the Palos Verdes Beach and Athletic Club, amending that agreement to provide an increase in the percentage of resalable memberships from 60% to 65% of total membership, with the resalable memberships being offered only to Palos Verdes Estates residents, and approved an amendment to the PVBAC FY08-09 Capital Budget in the amount of \$300,000 for construction of a second Jacuzzi. (Goodhart absent)

CITY MANAGER'S REPORT

City Manager Hoefgen provided an update on on-going projects. The entry way at Palos Verdes Blvd. has been under construction for much of the summer; this week there will be a lot of improvements in terms of vegetation being planted to replace the trees that were removed. Just over half of the project was funded by State funds. The Lunada Bay Fountain project is well under way; taking a little bit longer than anticipated, but should be completed within the next month. It is a project supported by a substantial amount of outside funds (private contributions) and we are pleased to see this move forward. He concluded that the State Budget has not been passed to date; they are getting daily updates from the League of California Cities. The City will take action as appropriate.

Mayor Sherwood said he read that the Governor is not interested in borrowing money. Mr. Hoefgen said this has not changed; [the Governor] has been a supporter of using their existing resources to achieve a balanced budget.

DEMANDS

It was moved by Councilmember Perkins and seconded by Councilmember Humphrey that the demands, as approved by a majority of the City Council, totaling \$261,308.01 be allowed and it was unanimously approved.

It was moved by Councilmember Perkins and seconded by Councilmember Humphrey that the demands, as approved by a majority of the City Council, totaling \$299,381.44 be allowed and it was unanimously approved.

It was moved by Councilmember Perkins and seconded by Councilmember Humphrey that the demands, as approved by a majority of the City Council, totaling \$255,625.22 be allowed and it was unanimously approved.

It was moved by Councilmember Perkins and seconded by Councilmember Humphrey that the demands, as approved by a majority of the City Council, totaling \$233,194.94 be allowed and it was unanimously approved.

It was moved by Councilmember Perkins and seconded by Councilmember Humphrey that the demands, as approved by a majority of the City Council, No. 513805H to 513809H, 513810H to 513811H, 513810V to 513811V, 513812H to 513813H, 513823 to 513924 totaling \$336,613.34 be allowed and it was unanimously approved.

It was moved by Councilmember Perkins and seconded by Councilmember Humphrey that the demands, as approved by a majority of the City Council, No. 513681V, 513925H to 513926H, 513927H, 513937 to 514009 totaling \$547,264.69 be allowed and it was unanimously approved.

It was moved by Councilmember Perkins and seconded by Councilmember Humphrey that the demands, as approved by a majority of the City Council, No. 514019 to 514098 totaling \$704,556.62 be allowed and it was unanimously approved.

MAYOR & CITY COUNCILMEMBERS' REPORTS

Mayor Sherwood reported on his attendance at the South Bay COG meeting with MPT Perkins; one person spoke from the Metropolitan Water District, who stated there were funds available to bring non-potable water to our City. He encouraged follow-up and knew that the Golf Club would be interested, and could save at least 25% of their water bill.

Mayor Sherwood congratulated the City of Rancho Palos Verdes on the event of their 35th Anniversary. He and City Manager Hoefgen attended a well-attended presentation at Villa La Barbara.

Mayor Sherwood said they also attended the groundbreaking ceremony at Malaga Cove School; an estimated \$8.5 million project funded by Measure R. He commented that the 1926 historical building was in great need of upgrades and repairs. The building will be ADA compliant. He noted that the administrative offices will move from Valmonte into the building upon completion. He congratulated the School Board.

Councilmember Humphrey concurred; it is very important to save the integrity of the landmark building. She reported that she and City Manager Hoefgen attended the League of California Cities September meeting in L.A. A representative of the Governor spoke and confirmed that he is against borrowing from Cities.

ADJOURNMENT

There being no further business before Council the meeting was adjourned at 9:03 p.m. to Tuesday, September 23, 2008, in the City Council Chambers of City Hall.

RESPECTFULLY SUBMITTED,

VICKIE KRONEBERGER, DEPUTY CITY CLERK

APPROVED:

JOSEPH C. SHERWOOD, JR., MAYOR

City Council - September 9, 2008