

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

February 8, 2011

A regular meeting of the City Council of the City of Palos Verdes Estates was called to order this day at 7:38 p.m. in the City Council Chambers of City Hall by Mayor Humphrey.

PLEDGE OF ALLEGIANCE

ROLL CALL: Councilmembers Bird, Perkins, Goodhart, Mayor Pro Tem Rea, Mayor Humphrey

ABSENT: None

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

CEREMONIAL MATTERS

- **SWEARING-IN OF CORPORAL LUKE HELLINGA**

Police Chief Dreiling introduced Luke Hellinga, who began his career with the City of Palos Verdes Estates as a Police Department Intern in 2001. He administered the promotional oath to Corporal Hellinga. Corporal Hellinga's wife, Sara, pinned on his new badge. Corporal Hellinga introduced his family.

Mayor Humphrey congratulated Corporal Hellinga and acknowledged the presence of his family and fellow officers present in support.

MAYOR'S REPORT – none

CONSENT AGENDA

It was moved by Mayor Pro Tem Rea, seconded by Councilmember Goodhart and unanimously approved that the following Consent Agenda items be approved:

- **CITY COUNCIL MINUTES OF JANUARY 25, 2011**
- **RESOLUTIONS (R11-05 & R11-06) OF THE CITY COUNCIL DECLARING THAT WEEDS GROWING UPON AND IN FRONT OF, AND BRUSH, RUBBISH, REFUSE, AND DIRT UPON AND IN FRONT OF CERTAIN PRIVATE PROPERTIES IN THE CITY ARE A PUBLIC NUISANCE, AND DECLARING ITS INTENTION TO PROVIDE ABATEMENT THEREOF**
- **PW-573-10; COMPLETION OF CONTRACT FOR THE FY 10-11 SLURRY SEAL PROJECT**
- **PW-572-10; COMPLETION OF CONTRACT FOR THE FY 10-11 OVERLAY PROJECT**

COMMUNICATIONS FROM THE PUBLIC

Chris Carlos, Athens Services, Director of Government Affairs, spoke of partnership with the City in ongoing efforts to beautify Lunada Bay and Malaga Cove shopping areas. He said, at the invitation of PVHS, they are conducting a program with Palos Verdes High School Environmental Sciences and Marine Biology students – an environmental poster writing, essay, and jingle contest; winners will each receive a \$500 scholarship from Athens. He invited the Council members to judge the poster contest, ending February 18th; the winning poster will be seen on waste pick-up trucks throughout the City for 6 months.

NEW BUSINESS

REORGANIZATION OF THE POLICE DEPARTMENT INCLUDING RECLASSIFICATION OF SECRETARY TO THE POLICE CHIEF TO EXECUTIVE ASSISTANT/CUSTODIAN OF RECORDS, CREATION OF A SERVICES OFFICER POSITION, AND ELIMINATION OF ONE LEAD SERVICES OFFICER POSITION; ADOPTION OF RESOLUTION R11-03

City Manager Hoefgen said this reorganization affects two positions in the Police Department, which came about due to a vacancy in the position of Secretary to the Police Chief. Whenever there is a staff vacancy, he further explained, they look at ways to reassign or redeploy work to make sure they are operating as efficiently and effectively as possible.

Chief Dreiling said Linda Williams, 20+ years with the City, is one of two Lead Services Officers. In January 2010, he temporarily assigned her to serve as acting Secretary to the Police Chief upon departure of the then secretary. He said it was necessary for her to retain a former primary responsibility, Custodian of Records, so as to not overburden the remaining lead services officer. He further explained the role and responsibilities of that position. Now over a year since making this temporary appointment, they have made a full evaluation. Previous challenges in meeting deadlines for records requests have been assuaged by the Secretary, as she works a five-day work week. He stated her experience has been a significant benefit to the Department and to him personally. He said this change places a most trusted position directly under the Police Chief, which he favored. To make this change permanent, he stated that the salary and job description must be adjusted to reflect what is currently being practiced. He said it is appropriate to reclassify her position as Executive Assistant/Custodian of Records and it is fitting to adjust her salary to parallel the current benefits of the lead services officer; total compensation will remain unchanged. As a consequence of relieving the Custodian of Records responsibilities from the lead services officers, they are now able to eliminate one of the two supervisory positions and replace it with a services officer position, resulting in a net savings in salary and benefits, while at the same time not losing our human resources. As the newly hired services officer graduates the various salary steps, the savings will diminish until the 7th year. On the 7th year, and each year thereafter, the annual savings will be ~\$5000/year. However, over the 1st 7-year period, it is estimated the City will realize a savings of ~\$93,000.

Councilmember Goodhart asked the Chief if this consolidation is consistent with job posting policy when a new requirement arises. Chief Dreiling responded that normally they advertise and recruit. In this case, it was a temporary assignment and they realized what a tremendous benefit this was and works so beautifully. It solves a number of problems in the department as well as the savings that the City Manager indicated; it evolved.

Councilmember Goodhart said the job description of the Executive Assistant/Custodian of Records represents significant skill sets. He asked if other regional departments have a similar position where these tasks are consolidated. Chief Dreiling responded no, though he was not aware of any departments that don't have both positions; consolidating them is unique, opining that this is an improvement. He liked the ability to have the Custodian of Records who deals with sensitive records to work as the Secretary to the Police Chief; this unifies the duties, which are divided with other agencies.

Councilmember Goodhart summarized that this not only provides better service from an individual, but also from a reduced cost perspective. Chief Dreiling concurred.

Councilmember Perkins asked if there was a need to have redundancy in the position of Custodian of Records, or is it adequate to have only one person in the Department who is thus trained. Chief Dreiling responded that the records in the Police Department are multi-faceted; a Custodian of Records, in many cases, becomes a facilitator of records. He described instances where different personnel hold different records, such as for range, training, and citations processing. He said one person is needed who is familiar with how to access all the information. He said it will be important to cross-train as a back-up for absence, vacations, or ultimately retirement.

MPT Rea confirmed with the Chief that this change is driven by the capabilities and skill set of his secretary. MPT Rea commented that this may result in another reorganization if this person should

leave and they are not able to find someone who has these same qualities. Chief Dreiling said to fill this position in the future, he felt it would be necessary and desirable to promote from within given the nature of the job and acting in confidence of the Chief; it would be difficult to hire from the outside to fill this unique position henceforth.

Councilmember Bird said it makes perfect sense to consolidate the positions, taking advantage of the skills, and to bring into the Chief's office through the secretary the Custodian of Records duties with cost savings to the City—it is a win-win.

Councilmember Goodhart supported cross-training to build a back-up person who could presumably step into that position, should that person leave, which solves the concern mentioned by MPT Rea.

Councilmember Bird moved to approve the reorganization of the Palos Verdes Estates Police Department including reclassification of Secretary to the Police Chief to Executive Assistant/Custodian of Records, creating a services officer position, and eliminating one lead services officer position, and to adopt Resolution R11-03; establishing the salary range and job description for the Executive Assistant/Custodian of Records within the Management and Confidential Employee group. The motion was seconded by Mayor Pro Tem and carried unanimously by the following roll call vote:

AYES: BIRD, REA, PERKINS, GOODHART AND HUMPHREY
NOES: NONE

MEMORANDUM OF AGREEMENT TO IMPLEMENT PALOS VERDES PENINSULA COORDINATED MONITORING PLAN FOR MACHADO LAKE NUTRIENT TMDL COMPLIANCE

Planning Director Rigg stated that the City is regulated by the State Water Resources Control Board and their implementation of the Clean Water Act, which specifies that we need to be compliant with certain water quality objectives implemented through a TMDL (Total Maximum Daily Load) process. We're subject to three – Santa Monica Bay Bacteria TMDL, Machado Lake Trash TMDL, and funding may be needed for some trash inserts later this year, and the Machado Lake Bacterial TMDL. It's been impaired by nutrients, primarily nitrogen and phosphorus mostly coming from fertilizers and animal waste. The [peninsula cities] approached this similarly to what was done with the Santa Monica Bay Bacteria TMDL. Knowing the quality of our water coming off the Hill is actually quite good, they would try border monitoring to understand if they have a problem. He said there is a small portion of the Valmonte area that goes to Machado Lake; a portion of it goes into Valmonte Canyon and then into storm drains that go directly to the lake. Another portion goes into the Walteria Storm Drain, then into the Walteria Lake, where it is stored in a detention basin making its way into Machado Lake. This MOA is an agreement between the 4 cities to cost share. They would monitor the water over the next three years to determine whether or not we have a problem; there is a parallel effort of what to do if we don't meet the quality objectives. He said the data will be collected and reported to the regional board one year from the beginning of the plan. It is our hope that the water complies with the water quality standards and after 3 successive years of no problem or impacts, we can stop the testing. The City's annual share is limited to \$12,161 under the MOA; if they go beyond that, an amendment would be presented to Council. Director Rigg concluded that funding was allocated with this year's budget for both staff time as well as through this MOA to the City of Rolling Hills Estates, which will act as the lead agency.

Councilmember Goodhart summarized his discussion with Mr. Rigg regarding allocated costs, sampling, the lead agency, and history leading to this MOA; all his questions were satisfied.

Mayor Humphrey asked about the County's involvement relative to the two unincorporated areas. Director Rigg said they will try to coordinate with them so they can do their own monitoring; over the years, it has been determined it's unmanageable to include those agencies.

Mayor Pro Tem Rea asked how we would know if a clean-up effort will be required as a result of the monitoring. Director Rigg responded our proposed implementation plan would be not to do a clean-up of the waters, but to control our discharge so that we don't create a continued problem. This hasn't been submitted to the regional board yet, noting that there is a tremendous clean-up of toxins and heavy metals that needs to be done separately from this TMDL; we're not tied into it yet. Director Rigg said they will need to install full capture devices in the catch basins within this area

so they can achieve compliance for the trash TMDL; this is anticipated to be the extent of our exposure.

Councilmember Perkins asked if we've conducted our own preliminary monitoring to determine our contribution. Director Rigg said they did monitoring for the bacteria TMDL that went into Santa Monica Bay and it was very clean of bacteria, which would be combined with nutrients, many times. Because our water was so absent of bacteria, he stated that we anticipate it will also not have many nutrients in it. Specifically, they have not monitored or tested for nutrients.

Councilmember Perkins confirmed with Director Rigg that all the water from our City either goes into the Pacific Ocean or into Machado Lake.

Councilmember Perkins asked if the area by the stables is included within the Valmonte area that will be monitored. Director Rigg said yes, they've also talked to stables personnel about better housekeeping practices so less of the nutrients from the [animal waste] will end up in our test results. He said we are also vigorously enforcing prohibitions against run-off into the streets from irrigation on private properties. Director Rigg concluded that we are doing everything we can to minimize the nutrients in the water.

Councilmember Perkins said this is an example where we really benefit from collaborative efforts on the Hill and she appreciated the work that has been done; Mayor Humphrey concurred.

Councilmember Goodhart moved to approve the MOA among the four incorporated cities of the Palos Verdes Peninsula to carry out the Palos Verdes Peninsula Coordinated Monitoring Plan in Compliance with the Machado Lake Nutrient Total Maximum Daily Load (Nutrient Monitoring Plan), subject to final review and approval by the City Attorney. The motion was seconded MPT Rea and was approved by unanimous oral vote.

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE PERIOD ENDING JUNE 30, 2010 AND THE 2010 FISCAL HEALTH REPORT

Assistant City Manager Smith reported that the CAFR, prepared by the City's finance department, was reviewed by the City's contracted independent auditors. On January 28th, the audit committee, City staff, and Mayer, Hoffman McCann (our engagement partner) met to review the financial report, the auditor's review, and their findings. Assistant City Manager Smith was pleased to report that, as in the past, the audit received a "clean" unqualified opinion from the auditors. Using a required financial reporting model, as dictated by the National Government Accounting Standards Board, it includes introductory, financial statement, and statistical sections. Assistant City Manager Smith said in FY 2010, the City's net assets totaled \$87.7 million, and of this amount, \$56.7 million represented our investment in capital assets--including infrastructure, buildings, and land; the balance of the value is in cash or receivables.

Assistant City Manager Smith said the City has 4 major funds and 9 minor funds, but we focus on the results of operation for the General Fund which finances the majority of the City's non-capital improvement activities. For FY 09-10, the General Fund had revenue of \$10.809 million and expenditures of \$10.784 million, including a Council approved lump sum payment to our PERS retirement liability of \$1.375 million. Although the contribution was made from prior year fund balances, it was recognized as an expense last year. Assistant City Manager Smith said the General Fund balance at the end of the fiscal year, June 30, 2010, totaled \$8.614 million.

In addition to financial statements, Assistant City Manager Smith said we prepare a graphic representation, the Fiscal Health Report. Results are for the General Fund only and data is maintained from 1989; Assistant City Manager Smith described the rated factors – "favorable", "stable" or "unfavorable" and because of the uncertain economic conditions and some challenges, a "watch" factor was applied to some of our "stable" conditions to focus attention on them. Most of the factors are characterized as "stable" or "watch"; one is rated "unfavorable" which is increase in assessed values. Excluding one-time revenue sources in 2010, property taxes, which are derived from assessed values, represented 54% of our General Fund revenue (\$5.2 million). Assistant City Manager Smith said even though property taxes are the single largest source of revenue, it does not cover the cost of operating the Police Department, let alone any other City service. Growth in assessed values translates into corresponding increases in property tax; a key component of our fiscal health. Under Prop 13, Assistant City Manager Smith said the maximum annual increase is 2%, provided that the CPI increases 2%. For this current year, the CPI is negative, so our growth

has dropped off considerably. For 8 years, we had increases of 7% or more annually in our assessed values; which is unusual and unsustainable. Assistant City Manager Smith said there was a 5% increase in the last two years prior to 2010, and last year, it dropped to right at 2%. Any increase allowed by Prop 13 reflects increase in value as a result of transfers or resale of properties. Explaining Revenues and Expenditures per Capita is rated as “stable” noting that over time revenues have exceeded expenditures by a stable amount, providing a General Fund surplus each of those years. Assistant City Manager Smith said in the past, this performance was obviously driven by the performance of the residential real estate market. Assistant City Manager Smith said we still think we’re holding strong and the 2010 results reflect the steps that the City Council took to limit the growth in expenditures last year.

Assistant City Manager Smith stated that personnel costs include salaries and benefits – a major component of the City’s total General Fund expenditures. After cost for development services (varies year to year) are deducted, personnel costs have averaged ~66% over the last 4-5 years of the total General Fund expenditures. Personnel vacancies can also affect these results. We ended 2010 at 66.83% in part because the City implemented 1-year labor provisions, which included no on-going salary increases. Benefit costs is rated as “stable” but added a “watch” factor because we are entering a period of increased retirement costs and also because of uncertainty associated with the Health Care Reform Act, the likelihood of increases in medical insurance – it’s been stable at 30% over the last 4-5 years.

Operating Position (shows break even, deficit, or profit) is “favorable”; the City’s in very good shape. The Council has a policy to maintain a General Fund balance at 50% of the next year’s operating budget, the purpose of which is to address catastrophic emergencies and was also established in light of uncertainties about the State’s fiscal health and the potential threat to local revenues. In the past, when we exceeded the 50% target, the Council has usually transferred funds to the Capital Improvement Fund to finance future projects. In 2010, Assistant City Manager Smith said the excess balance was used for payment of the lump sum to the PERS retirement plan.

Assistant City Manager Smith concluded that the CAFR and the Fiscal Health Report (2/9/11) is available on the City’s website.

Mayor Humphrey thanked Assistant City Manager Smith for a very comprehensive report.

Councilmember Goodhart commented on unfunded liabilities – pension and health care costs in cities throughout the state. He said this report is encouraging because our benefits are at 30%, but we do not have retiree health benefits, proving to be problematic from a cost standpoint to many cities; more is the unfunded liabilities for pensions. We paid down some of the PERS costs last year; we have an outstanding balance of ~\$2.2 million. Given the determination, he said we would add another \$1 million to buy that down, noting that PERS is charging us 7.75% - paying that down is like reducing your mortgage costs by paying a lump sum and opined that we would realize a tremendous benefit in doing so.

Councilmember Bird commented that City leadership has done much to look for areas to save money; everyone together has helped to keep our costs down. He said every employee in the City is to be thanked and congratulated, as well as management, for working together to get us through these hard times as reflected in this easily understandable presentation.

Mayor Humphrey recognized Financial Services Manager Lori Yamasaka for her work, also recognizing Assistant City Manager Assistant City Manager Smith, noting the City is receiving another award from the Government Financial Officers Association for their excellent work.

Councilmember Bird moved to receive and file the Comprehensive Annual Financial Report and Fiscal Health Report 2000-2010, which was seconded by Councilmember Goodhart, and adopted by roll call vote.

AYES: BIRD, GOODHART, PERKINS, REA AND HUMPHREY
NOES: NONE

RESOLUTION R11-04; ADJUSTING THE FY 2010-11 BUDGET AND APPROVING THE USE OF GENERAL FUND BALANCES TO REDUCE THE CITY’S CALPERS SAFETY PLAN SIDE FUND LIABILITY

Assistant City Manager Smith summarized materials provided in a briefing regarding the City's Safety and Miscellaneous retirement plans with CalPERS presented to Council in October 2009, which included funding status and the likelihood of future employer rate increases. Most significantly, Council was advised of the origin and amount of a side fund liability associated with the safety plan, which totaled \$3.72 million at that time. In accordance with CalPERS policy, the City is being charged 7.75% interest on the outstanding side fund balance. Assistant City Manager Smith stated the City Council approved the use of designated and undesignated general fund balances in April of 2010 to provide a lump sum payment in the amount of \$1.375 million to reduce the safety side fund liability. As a result of that single payment, the employer rate went down by 8.7% to 33.725%. Assistant City Manager Smith said the Council wished to consider a phased approach to eliminate the remaining side fund liability, requesting a report upon audit completion when the status of the general fund balance was known. The general fund balance is at 56% (over the 50% targeted policy), representing \$1.2 million available to use for other purposes. Valuations for next year have been received by CalPERS; for FY11-12, the safety rate would go up 5%+ to 38.819% if we do not do anything. The one significant effect that the Council can have on the rate is to again make another contribution to the side fund liability, which is 14.7% of that proposed rate. The Council could raise their targeted fund balance policy as a hedge against future years' emergencies, all or a portion could be transferred to the capital improvement funds to assist with future financing, or all or a portion of the funds could be used as a lump sum payment on the retirement liability. Staff believes a 50% general fund balance is sufficient to cover current contingencies and the capital fund balances are also sufficient to fund our current known needs. CalPERS provided analysis on the impact of a \$1.2 million payment, and if made by March 1, 2011, the safety rate would again be reduced by 8.274%; the remaining side fund liability would then total ~\$956,000. If this action is taken, it is projected it would save the City \$1.8 million over the next eight years, which is the time period PERS is amortizing that outstanding liability. Assistant City Manager Smith concluded that the side fund liability is a hard debt which must be paid. Upon request, CalPERS reported that there are 1590 pooled plans, of which 1233 have a side fund liability. During 2009/10, 18 plans made a full payment to eliminate it completely, and we were one of the 9 agencies who made a partial payment. To date, 26 agencies have made full payment to eliminate it completely; 11 have made partial payments. If Council chooses to make a smaller contribution, the benefit becomes proportionately smaller.

MPT Rea confirmed with staff that the recommended payment represents funds available in excess of the 50% targeted general fund balance.

Councilmember Perkins commented that protections of Prop 1A and Prop 22 and the fact that we do not have a redevelopment agency indicates we are pretty well protected from anything that the State might do that would affect cities, which was confirmed by staff. Mayor Humphrey agreed.

Mayor Humphrey said Council desire was to pay down this liability so we would not have this liability in future years.

Bruce Megowan, 700 Yarmouth Rd., asked if this unfunded liability would ever change reflecting the fact that CalPERS has recovered a significant portion of their investment.

Assistant City Manager Smith responded that the [side fund liability] is totally separate and apart from any performance related issues with PERS and their investments. She explained that in 2003, PERS mandated that all agencies that had less than 100 lives covered by their plan go into a risk pool. When pools were created, each entity entered the plan/pool in a different funding status. They took a snapshot in time what the City's status was when they entered and that is the hard debt that they have segregated, set apart from anything related to their individual performance.

Mayor Humphrey confirmed with staff that last year's payment was \$1.375 million, which allowed us to avoid another payment of an additional \$884,000 in future compounded interested costs. Mayor Humphrey said the issue before them this evening is to follow the same path with \$1.2 million or some portion thereof to pay down the liability.

Councilmember Bird moved to adopt Resolution R11-04 to adjust the FY10-11 budget and approve the use of general fund monies in excess of the 50% targeted balance to provide a lump sum payment to reduce the City's CalPERS Safety Plan side fund liability. The motion was seconded by Councilmember Goodhart and passed unanimously by the follow roll call vote:

AYES: BIRD, GOODHART, PERKINS, REA AND HUMPHREY
NOES: NONE

STAFF REPORTS

City Manager's Report - none

DEMANDS

It was moved by Councilmember Goodhart and seconded by Councilmember Perkins that the demands, as approved by a majority of the City Council, totaling \$221,378.10 be allowed and it was unanimously approved.

It was moved by Councilmember Goodhart and seconded by Councilmember Perkins that the demands, as approved by a majority of the City Council No. 518945 to 519018 totaling \$117,799.18 be allowed and it was unanimously approved.

MAYOR & CITY COUNCILMEMBERS' REPORTS

REPORT FROM THE CITY COUNCIL LIAISON COMMITTEE (MAYOR PRO TEMPORE REA AND COUNCILMEMBER BIRD) CONCERNING RECENT DISCUSSION WITH THE PALOS VERDES BEACH AND ATHLETIC CLUB INVOLVING THE 2011 SUMMER SWIM PROGRAM AND RESIDENT ACCESS TO THE PVBAC

Councilmember Goodhart, as a member of the Beach and Athletic Club, recused himself from this discussion.

Councilmember Perkins recused herself due to her husband's wait list status for membership; both Council members departed the Chamber.

MPT Rea stated that he is not a member, nor on the wait list for membership to the PVBAC. He said he and Councilmember Bird are reporting to Council because of a letter that the PVBAC Board of Directors sent out to the membership which included a suggestion to contact City Council.

Historically, the PVBAC has either sponsored or directly operated a summer swim program for PVE residents. Last year, the public swim program was operated by the San Pedro YMCA at Peninsula High School because PVHS pool was unavailable. In the fall, the City was advised that neither of the high school pools would be available for the 2011 summer swim program. Council liaisons, with City Manager Hoefgen and Assistant City Manager Smith, met with club representatives to discuss their sponsorship of some form of a summer program and to also give consideration to non-member access, and to provide some relief to the waiting list. PVBAC sent out a letter (or email) to its members without advanced review or consultation with the City/liaisons; 600+ letters were sent out to the membership containing erroneous information. He said this should not have happened; it is unprecedented. Upon his consultation and review, City Manager Hoefgen prepared a brief response for emails addressed to the City Council received by the City. Since that response was sent, he, Councilmember Bird, and Assistant City Manager Smith met again with PVBAC representatives to attempt to clear the air. He said the liaisons are planning to meet again at the end of [February] for further discussions. He queried if Council should send the response crafted by CM Hoefgen to all the members of the PVBAC. Triggered by Councilmembers Goodhart and Perkins' recusal, he also suggested that the liaison committee be reconstituted to be comprised of himself, Councilmember Bird, and Mayor Humphrey (with the City Attorney's consideration) to avoid any unnecessary delays in any decisions which may need to be made.

Councilmember Bird stated he did not have any additional information to add to the report.

Mayor Humphrey said the PVBAC letter stated incorrectly that the City Council had taken action, when only liaison meetings with PVBAC to discuss concepts and ideas had occurred. MPT Rea said the idea was that they would discuss further with the board PVBAC Board and return with ideas or

proposals for the City to address two issues. Assistant City Manager Smith confirmed this was a correct assertion.

Mayor Humphrey said she was the secretary for the Roessler Pool Restoration Committee c. 1989, noting that many council members at that time became members and discussed the subsequent difficulty of taking actions such as approval of the budget. She spoke of the tumultuous years of getting the club up and running, public access, summer swim programs (her sons and neighborhood children took lessons for years) and its ultimate success. She also served as liaison. She made it clear that the responsibility of the [Council] liaisons with City concessions was to meet with boards of directors and to report to Council. In the past, both the Stables and Roessler Pool swim program were City departments. Both of those are now operating as concessions.

The following residents provided comments on the matter:

Dan Majka, 3929 Via Picaposte (wait list member)

Councilmember Bird said he described to the Club leadership the pressure in the City between the residents, wait-listed or not, and the members of the Beach Club who have paid dues and were vested with certain rights and privileges to use the facility, and asked them to come up with ideas to begin the dialogue to address some of these issues.

Jeff Nolan, [PVE Resident] (wait list member)

Bruce Megowan, [PVE Resident] (club member)

MPT Rea asked Assistant City Manager Smith to explain why the PVHS pool is not available this summer. ACM Smith explained that both Peninsula High School and Miraleste will be under construction and the pools will not be available. She said there are other organizations, including school athletic teams that use those current facilities that now have to find other locations; since they are district functions they will go to a district facility. All programs are being accommodated at Palos Verdes High School.

David Silk, [PVE Resident] (club member)

Jim Vandever, [PVE Resident] (wait list member)

Andy Bark, 2241 [PVE Resident] (club member)

Tom Allen, [PVE Resident] (club member)

Mayor Humphrey said the City Council has not taken any action and has not recommended to the Board of Directors any action. They have opened the dialogue to brainstorm ways that we can work together. She read from the Articles of Incorporation of the PVBAC regarding provision of instruction and education to youth and adults in water safety and swimming; they are trying to address this. She was involved with the restoration committee and recognized it is an asset as a public/private facility just as the other City concessions.

MPT Rea thanked the speakers and appreciated the diverse points of view. He explained the beach club is a City facility on City parkland; it is operated as a concession and not leased. It cannot be operated as a private club and said the members themselves funded the rebuilding of this beautiful facility, as well as with ongoing initiation fees and club dues. It is a profitable operation and it pays 10% of its gross revenues to the City; a significant part of the City government's revenue stream. He said the City is not subsidizing the club, but the other way around. He said the Homes Association has CC&R's on this property and might be viewed as an encumbered asset. He said the Portuguese Bend waiting list system has been part of their discussions and day fee usage has also been discussed. He said a citizens' committee bears consideration.

Councilmember Bird thanked the speakers—people directly affected: current members, wait-listed new residents, or others interested. He said members of the Club's leadership were present and encouraged them to come up with ideas to address these issues. He said input, new eyes and ideas to come up with a solution to the problem that has gotten worse over the last 5-10 years, which will get worse if unaddressed. It is a publicly owned facility and members of the public can go to the beach club. He agreed new ideas are needed to alleviate this pressure and the community can work together to solve this problem. He opined PV Golf Club is still the best value in this area and compared resalable memberships of PVGC and PVBAC. He said they are differently run organizations, but through continued liaison meetings and public input, they will move forward in a constructive way.

Mayor Humphrey said she confirmed PVHS pool will be utilized by school teams this summer; no outside clubs will use the pool. She reported that there are two council members which are liaisons to all the concessions in the City. She thanked the speakers for their diverse view points and ideas. She said the liaisons would meet again with the Board of Directors.

Consensus was to mail a City-prepared letter to all PVBAC membership.

Mayor Humphrey thanked club management for being present.

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Councilmember Perkins reported on her attendance at the South Bay Council of Government meeting on January 27, 2011. A resolution to adopt the projects on the early action list for the South Bay Measure R program for which the COG is providing coordination and oversight was discussed. Although we have no highways in PVE, we stand to benefit, and noted Councilmember Goodhart has been appointed as Chair of oversight committee. She said the COG's General Assembly is Friday, February 25th – a good event with a program on the South Bay in 2040.

Councilmember Goodhart said he attended a New Mayors and Councilmembers academy sponsored by the League of California Cities; over 400 newly elected mayors and council members in the State attended. Mike Jenkins of Jenkins & Hugin wrote a skit portrayed by executive committee volunteers to demonstrate all that should not occur at a City Council meeting and he conveyed his thanks.

Mayor Humphrey announced that February 6th Ribbon Cutting event at the Lunada Bay School for the Disaster District Program container and on March 12th a similar event will take place at Palos Verdes High School and Montemalaga School representing the last 2 of the 6 containers placed at schools throughout the City.

ADJOURNMENT

There being no further business before Council the meeting was adjourned at 9:40 p.m. to Tuesday, February 15th, 2011, 4:00 p.m. at 702 Via Horcada, Palos Verdes Estates, for the purpose of a continued public hearing/Adjourned Regular Meeting.

RESPECTFULLY SUBMITTED,

VICKIE KRONEBERGER, DEPUTY CITY CLERK

APPROVED:

ROSEMARY HUMPHREY, MAYOR