

March 22, 2011
7:30 P.M.
Council Chambers of City Hall
340 Palos Verdes Dr. West
Palos Verdes Estates

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

Copies of the staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the office of the City Clerk and are available for public inspection. If applicable, materials related to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's office during normal business hours. Any person having any question concerning any agenda item may call the City Clerk to make inquiry concerning the item. Upon request, the agenda and documents in the agenda packet can be made available in appropriate alternative formats to persons with a disability in compliance with the Americans with Disabilities Act. Please contact the City Clerk at 310-378-0383, at least 48 hours prior to the meeting to request a disability-related modification or accommodation.

The City Council welcomes and encourages public participation at the Council meetings; however, to allow for the orderly progression of business, each person wishing to comment or make a presentation shall be limited to three (3) minutes. Anyone wishing to address the City Council must fill out a green speaker's card available at the end of each row in the Chambers. The card permits the City to identify persons for purposes of City Council minute preparation. Please see specific agenda sections below for any other requirements related to meeting participation. The City Council, at the direction of the Mayor with concurrence of the Council, may modify the order of items shown on the agenda.

**NEXT RESOLUTION NO. R11-08
NEXT ORDINANCE NO. 11-699**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

MAYOR'S REPORT – Matters of Community Interest

**CITY COUNCIL AGENDA
MARCH 22, 2011**

CONSENT AGENDA (Items 1-5)

All items under this heading are considered to be routine and will be enacted by one motion, unless a Councilmember, staff, or member of the public requests that an item be removed for separate discussion. An applicant or interested citizen who wishes to appeal any Planning Commission decision (Item # 5a -b) may file an appeal with the City Clerk's office within 15 days after the date of the Planning Commission's decision.

Any item removed from the Consent Agenda will be considered immediately following the motion to approve the Consent Agenda.

1. City Council Minutes of March 8, 2011

Recommendation: Review and File.

2. Treasurer's Monthly Report – February 2011

Recommendation: Receive and File.

3. Monthly Financial Report – February 2011

Recommendation: Receive and File.

4. Extension to Street Sweeping, Landscape Maintenance, and Weed Abatement/Fire Safety Contracts

Recommendation: It is recommended that the City Council extend the Street Sweeping contract with R.F. Dickson Co., Inc., the Landscape Maintenance contract with Merchants Landscape Services, Inc., and the Weed Abatement/Fire Safety contract with Oakridge Landscape, Inc., for one year at the previously bid prices.

5. Planning Commission Actions of March 15, 2011

Recommendation: Receive and File.

- a. **NC-1407/M-801-11;** Consideration of Neighborhood Compatibility and Miscellaneous Applications for a new single family residence located at 592 Via Almar. Lot 10, Block 1426, Tract 8523.

Applicant: Pritzkat & Johnson Architects
304 Vista Del Mar, Suite D
Redondo Beach, CA 90277

Owner: Joe & Meg Lenihan

Action: Approved (5-0) with standard conditions and the following additional condition: 1) All nonstandard encroachments shall be removed.

**CITY COUNCIL AGENDA
MARCH 22, 2011**

- b. **NC-1408-11;** Consideration of a Neighborhood Compatibility Application for additions and interior remodeling to the single family residence located at 215 Via Colusa. Lot 14, Block 1811, Tract 6883.

Applicant: Jeffrey A. Dahl
18681 Amalia Lane
Huntington Beach, CA 92648
Owner: Rick & Heather Kline

Action: Approved (5-0) with standard conditions and the following additional conditions: 1) The existing nonstandard sidewalk parallel to the curb is to be removed; 2) The existing damaged curb along the entire frontage of the property is to be replaced.

COMMUNICATIONS FROM THE PUBLIC

This portion of the agenda is reserved for comments from the public on items which are NOT on the agenda. Due to state law, no action can be taken by the Council this evening on matters presented under this section. If the Council determines action is warranted, the item may be referred to staff or placed on a future Council agenda.

OLD BUSINESS

NEW BUSINESS

6. Award of Professional Services Agreement to Psomas for Groundwater Investigation Services In and Around Malaga Cove Plaza

Recommendation: It is recommended that the City Council award a professional services agreement in the amount of \$66,300 to Psomas for groundwater investigation services in and around Malaga Cove Plaza.

7. Award of Professional Services Agreement for Employee Benefits Insurance Broker and Consulting Services for the City's Health and Ancillary Benefits

Recommendation: It is recommended that the City Council award a professional services agreement to Wells Fargo Insurance Services to provide employee benefits insurance broker and consulting services for the City's health and ancillary benefits.

8. Approval of the Joint Powers Agreement for Membership in the Southern California Association of Governments (SCAG)

Recommendation: It is recommended that the City Council authorize the Mayor to sign the SCAG Joint Powers Agreement.

**CITY COUNCIL AGENDA
MARCH 22, 2011**

STAFF REPORTS

9. City Manager's Report

DEMANDS

10.
 - a. Authorize Payment of Motion #1 – Payroll Warrant of March 18, 2011
 - b. Authorize Payment of Motion #2 – Warrant Register of March 22, 2011

Recommendation: Authorize Payment of Motions #1 and #2.

MAYOR & CITY COUNCILMEMBERS' REPORTS

11. City Council Committee and Liaison Assignments (Mayor Rea)

ADJOURNMENT TO THURSDAY, MARCH 31, 2011, 7:30 A.M. IN COUNCIL CHAMBERS OF CITY HALL FOR AN ADJOURNED REGULAR MEETING FOR THE PURPOSE OF A BUDGET WORKSHOP.

- *This City Council meeting can be viewed on Cox Cable, Channel 35, Wednesday, March 23, 2011 at 7:30 p.m., and Wednesday, March 30, 2011, at 7:30 p.m.*

TO: JOSEPH HOEFGEN, CITY MANAGER
FROM: JUDY SMITH, ASSISTANT CITY MANAGER
SUBJECT: MONTHLY FINANCIAL REPORT – FEBRUARY 2011

The Issue

What is the status of the FY 2010-11 budget after eight months?

Analysis of Graphs

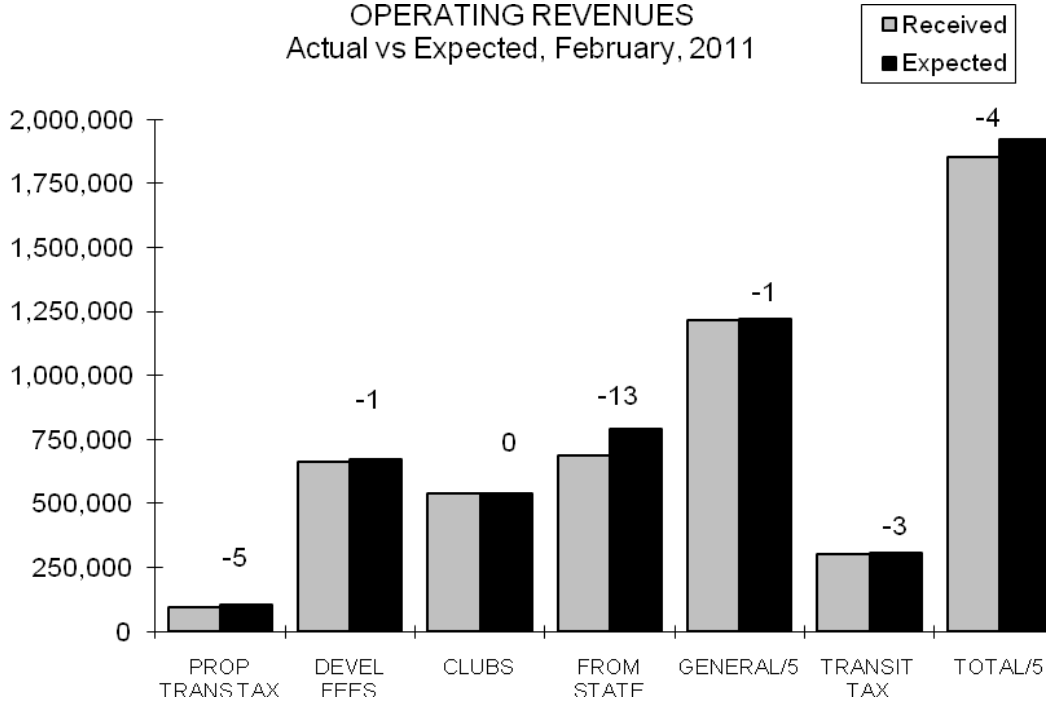
Revenues continue to slightly lag expected. General fund revenues are 1% less than expected and total operating revenues are 4% less than expected. All major revenues are within acceptable ranges compared to budget. The next milestone for revenue results will be reflected in the April report, when the City will have received all annual utility franchise fee payments (water, gas and electric), which are budgeted at just over \$300,000. April will also bring another major allocation for property tax and direct assessment receipts (fire parcel tax and sewer fee). These results will provide a firm basis for projecting year-end revenues.

Operating expenditures are at or below expected levels with total operating expenditures 5% less than expected, the exception being insurance due to a discounted, advance payment of a retro deposit liability. The Police Department results reflect position vacancies and the lack, so far, of unforeseen (emergency) expenditures. None of the other department expenditure results are cause for concern. The April expenditure results will include three pay periods for that month and operating department performances will likely track more closely to expected at that time.

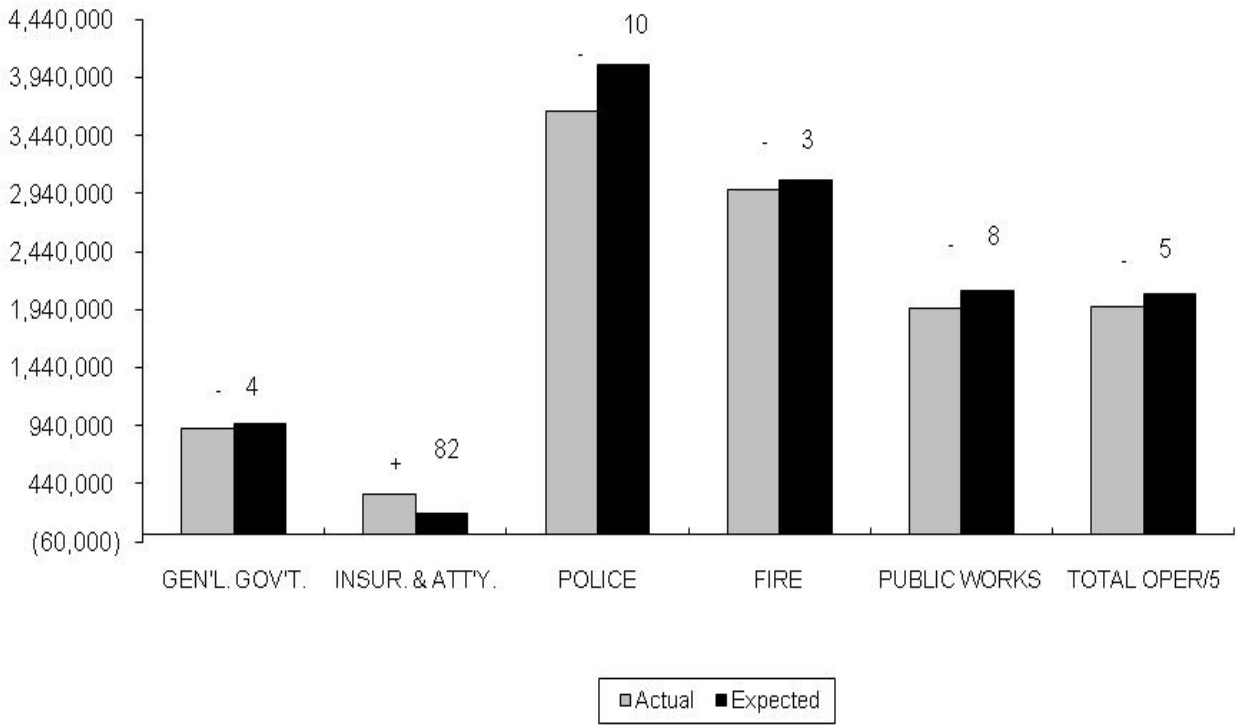
Spot Reports

None

OPERATING REVENUES
Actual vs Expected, February, 2011



OPERATING EXPENDITURES
Actual vs Expected, February 2011



TO: JOSEPH M. HOEFGEN, CITY MANAGER

FROM: ALLAN RIGG, PLANNING AND PUBLIC WORKS DIRECTOR

**SUBJECT: EXTENSIONS TO STREET SWEEPING, LANDSCAPE MAINTENANCE,
AND WEED ABATEMENT/FIRE SAFETY CONTRACTS**

DATE: MARCH 22, 2011

The Issue

Should the City Council extend the Tree Trimming, Landscape Maintenance, and Weed Abatement/Fire Safety Contracts?

Background and Analysis

This is the time of year when we traditionally request bids for the three subject contracts, or ask the Council for extensions to these contracts. Traditionally we have extended contracts when we have been very satisfied with the level of service and when the contractor offers to extend the contract at the original bid prices. In essence we rely upon the original competitive-bid process as an assurance that we have the lowest bid prices.

The following table summarizes the contracts:

Services	Contractor	Year Bid	Amount
Street Sweeping	Dickson	2009	\$85,320
Landscape Maintenance	Merchants Landscape Service	2008	\$221,376
Weed Abatement/Fire Safety	Oakridge Landscape Inc.	2009	\$96,294

Staff is extremely satisfied with the performance of all three contractors. Each has submitted a letter offering to extend their contract for an additional year at the prices they provided in their original bid. Staff would like to extend each contract for an additional year at the originally bid prices. It is possible that we could conceivably achieve lower prices if we competitively bid the contracts, but we run the risk of being forced to work with a contractor that would perform far below the level of the current contractors.

In regards to the Street Sweeping Contract, Dickson has been with the City for many years and has a specific provision within their contract to extend it for another year. We are very satisfied with their service and receive virtually no complaints from the public.

In regards to the Landscape Maintenance Contract, Merchants has performed the best on this contract in anyone's memory. They have provided the right level of staffing to match the varying level of maintenance needs throughout the year, especially during the springtime. They have provided a consistent onsite supervisor who quickly learned our needs and has performed very well.

Finally, in regards to the Weed Abatement/Fire Safety Contract, Oakridge performed fabulously and completed the contract far quicker than the allotted period during the past two years. The bid of \$96,294 was far less than the next low bid of \$121,600. Staff was skeptical prior to the work that they could complete it at this low price, but found that due to their vast experience with contracts of this nature that they could come in with the correct level of staff and equipment and quickly finish the work.

Alternatives Available to Council

The following alternatives are available to the City Council:

1. Extend the Street Sweeping Contract with Dickson, Landscape Maintenance contract with Merchants Landscape Services, Inc., and Weed Abatement/Fire Safety contract with Oakridge Landscape, Inc., for one year at the previously bid prices.
2. Extend one or more of the Street Sweeping, Landscape Maintenance, and Weed Abatement/Fire Safety Contracts for one year at the previously bid prices.
3. Direct staff to seek competitive bids for all three contracts.

Recommendation from Staff

Staff recommends the City Council extend the Street Sweeping Contract with Dickson, the Landscape Maintenance contract with Merchants Landscape Services, Inc., and Weed Abatement/Fire Safety contract with Oakridge Landscape, Inc., for one year at the previously bid prices..

Staff report prepared by:
Allan Rigg
Public Works Department

TO: JOSEPH HOEFGEN, CITY MANAGER
FROM: ALLAN RIGG, PLANNING DIRECTOR
DATE: MARCH 22, 2011
SUBJECT: PLANNING COMMISSION ACTIONS OF MARCH 15, 2011

The items attached were acted upon by the Planning Commission on March 15, 2011.

The Council may, within fifteen days after the date of the decision on or before the first day following the first Council meeting after the date of the Planning Commission decision, whichever occurs last:

1. Confirm the action of the Planning Commission and grant or deny the application;
2. Set the matter for public hearing and dispose of it in the same manner as on an appeal; or
3. Amend, modify, delete, or add any condition of approval which the Council finds is not substantial under the circumstances relative to or affecting the property subject to the application for a development entitlement. Any determination of the Council pursuant to this paragraph shall be conclusive and final.

In the event the Council does not take one of the actions specified above within the period of time required, the decision of the Planning Commission shall be final.

Recommendation:

Receive and file.

TO: JOSEPH M. HOEFGEN, CITY MANAGER

FROM: ALLAN RIGG, PUBLIC WORKS DIRECTOR

SUBJECT: AWARD OF A PROFESSIONAL SERVICES AGREEMENT TO PSOMAS FOR GROUNDWATER INVESTIGATION SERVICES IN AND AROUND MALAGA COVE PLAZA

DATE: MARCH 22, 2011

The Issue

Should the City Council award a professional services agreement in the amount of \$66,300 to Psomas for groundwater investigation services in and around Malaga Cove Plaza?

Background and Analysis

Groundwater within and around the Malaga Cove Plaza has been a significant issue for many years. Over time there has been an increase in the number and frequency of sinkholes caused by water intrusion into underground utilities, as well as electrical failures due to water filling underground electrical facilities. A subdrain built in the alley behind Malaga Cove Plaza in 1997 has been found to be near the end of its useful life. Recent measurements in the monitoring wells show that the groundwater is at all-time highs, probably due to the rains late last year.

On January 13, 2010 the Council reviewed a study funded by outside agencies and prepared by RMS Water and Environment (RMS) on the groundwater and whether the water could be economically used by the nearby golf course. The study concluded that the effective cost of groundwater due to a variety of factors would be twice the cost of using potable water. Due to concerns raised by staff, the consultant, and members of the community about the potential for adverse impacts due to the effects of groundwater in the Malaga Cove Plaza area, the Council directed staff to prepare a scope and budget for an additional investigation.

Staff presented the scope and budget to the City Council and said budget was included within the City's FY 2010/11 budget in the amount of \$20,000. An additional \$10,000 was placed in the FY 2011/12 budget and \$30,000 in the FY 2012/13 budget, for a total of \$60,000. The timing of the expenditures was based on correspondence we received from a groundwater consultant, Ninyo and Moore, who suggested that we would need time to monitor the groundwater for two years to complete the study.

**CITY COUNCIL AGENDA
MARCH 22, 2011**

A Request for Proposal (RFP) was prepared and provided to two consultants who had previously performed groundwater investigations in the area, as well as to a firm that distributes RFPs to engineering firms in Southern California. We received three proposals from the two firms we were familiar with, Worley Parsons and Ninyo and Moore, and from an additional firm Psomas. Staff reviewed all three proposals and felt that the proposal from Psomas provided the best approach to understanding the groundwater issues and had the best experience with similar projects. The firm and the two lead individuals have prepared many similar groundwater models and have much more experience than the other two firms.

Please note that when staff solicited proposals, the details of how best to accomplish the monitoring were left to proposers as we did not feel confident in specifying the methods as we are not experts in groundwater investigation. Each of the three firms proposed a different approach and associated costs. Although we did not use the proposed costs as part of our selection process, the following are the proposed costs from the three firms:

Psomas	\$45,600
Worley Parsons	\$16,500
Ninyo/Moore	\$49,500

After reviewing the proposal, staff discussed the project in-depth with Michael Donovan of Psomas and determined that their proposed approach could be improved with the installation and monitoring of three wells. These wells would help calibrate and validate the numerical model that Psomas would create of the groundwater basin. Once the numerical model is completed, Psomas can evaluate the alternatives to remove and potentially reuse the groundwater. The added cost for Psomas to do the monitoring is \$20,700

The total proposed cost for these services is \$66,300. If the work begins soon, we would expect the services would be completed by the end of FY 2011/12. We will adjust the budget accordingly during the next year's budget preparation.

Alternatives Available to Council

The following alternatives are available to the City Council:

4. Award a professional services agreement in the amount of \$66,300 to Psomas for groundwater investigation services in and around Malaga Cove Plaza.
5. Decline all proposals and direct staff as appropriate.
6. Decline to act.

Recommendation from Staff

**CITY COUNCIL AGENDA
MARCH 22, 2011**

Staff recommends that the Council award a professional services agreement in the amount of \$66,300 to Psomas for groundwater investigation services in and around Malaga Cove Plaza.

Staff report prepared by:
Allan Rigg
Public Works Department

TO: JOSEPH M. HOEFGEN, CITY MANAGER
FROM: ALEXA D. DAVIS, ADMINISTRATIVE ANALYST
SUBJECT: EMPLOYEE BENEFITS INSURANCE BROKER AND CONSULTING SERVICES FOR HEALTH AND ANCILLARY BENEFITS
DATE: MARCH 22, 2011

ISSUE

Shall the City Council approve Wells Fargo Insurance Services to provide Employee Benefits Insurance Broker and Consulting Services for the City's health and ancillary benefits?

BACKGROUND

The City of Palos Verdes Estates contracts with insurance firms to provide medical, dental, and other group insurance programs available to full-time City employees. The City works closely with an insurance broker to provide these insurances at the highest level of service and the best cost to the City and its benefited employees. ISU-ERG Insurance Agency (previously Olson Duncan & Dickins) has been the City's broker of record since 1997 after the completion of a Request for Proposals. Prior to 1997, the City worked with ERG's Principal under the California Joint Powers Insurance Authority's health benefit program.

In light of new Healthcare Reform laws coupled with keeping the City's health insurance costs to a minimum, in December 2010, the City issued a Request for Proposals (RFP) for Employee Benefits Insurance Broker and Consulting Services. Seven proposals were received on or before the close date of January 26, 2011. Proposing firms include: Alliant, Barney & Barney, California Corporate Benefits, ISU-ERG Insurance Agency, Keenan & Associates, Maniaci Insurance Services, and Wells Fargo Insurance Services.

ANALYSIS

Proposals were reviewed by the City Manager, Assistant City Manager and Administrative Analyst. Proposals were evaluated based on the qualifications of the firm and its project staff, understanding of the project as evidenced by items offered and cost, and their overall experience. Two finalists were selected among the seven proposing firms: ISU-ERG (the City's current broker) and Wells Fargo Insurance Services.

ISU-ERG, the City's current broker, proposed to maintain the City's current insurance offerings and add pro bono components, such as COBRA administration, enhancements to the City's Wellness program, and access to human resources and legal compliance information. The City of Palos

**CITY COUNCIL AGENDA
MARCH 22, 2011**

Verdes Estates is the only public entity in which they provide a full-package of insurance services. They provide services to one other City for ancillary benefits only. Although there are no fees directly charged to the City, ISU-ERG earns its revenue based upon a percentage commission paid by the insurance firms determined by the amount of premium paid by the City. The revenue is estimated between \$30,000 and \$41,000.

Wells Fargo Insurances Service is a larger firm that offers comparable services provided by the City's existing broker. As part of their service, Wells Fargo Insurance Services offers human resources, legal compliance resources, and an employee advocacy service. In addition, Wells Fargo has over 200 governmental entities, of those 150 are cities. As such, they have a proprietary public sector program whereby over half of their municipal clients participate in some form. Wells Fargo Insurance Services also earns its revenue based upon a percentage commission paid by the insurance firms; not to exceed \$30,000.

After meeting with both finalists and completing reference checks, staff recommends that the City change brokers to Wells Fargo Insurance Services and enter into a Professional Services Agreement with a three-year term and two options for a two-year extension.

The team of five from Wells Fargo Insurance Services that would be assigned to the City consists of licensed professionals, educated and trained in various specialties ranging from group underwriting, claim and billing resolution, legislative compliance, contract review, strategic planning, and employee education and communication. In staff's analysis, Wells Fargo Insurance Services will provide the City with a professional team and resources to successfully sort through the new healthcare reform laws and its applicability to the City. They have on-staff experts on the law, as well as in-house attorneys. This will be a valuable tool as healthcare reform mandates are implemented over the next several years.

Additionally, Wells Fargo Insurance Services has a significant part of the public agency market. As such, they understand the many challenges public agencies are facing with increased public scrutiny, retirement reform, labor relations, etc. Every two years, they provide a California Municipality Employee Benefits Trends Survey as resource to their clients. Also, as part of their unique service, they offer options to public sector organizations through their Multiple Choice and Municipal Benefits Pool. Both programs offer a range of plan options as an additional alternative for the City's insurance plans. Although the City does not expect to change insurance carriers over the next plan year, this may allow some reductions to the premiums since some of the City's current carriers currently are part of the Municipal Benefits Pool.

Staff contacted four city clients of Wells Fargo Insurance Services as references. All references highly recommended the broker. References expressed a high-level of satisfaction of services performed and responsiveness to concerns. They were described as being very attentive to both the client and the client's employees' needs. Wells Fargo was explained as being an extension to the Human Resources Department, stocked full of resources. Experience with the municipal pools was reported as very positive.

ALTERNATIVES

**CITY COUNCIL AGENDA
MARCH 22, 2011**

1. Approve Wells Fargo Insurance Services to provide Employee Benefits Insurance Broker and Consulting Services for the City's health and ancillary benefits.
2. Reject the recommended Broker and maintain the current Broker.
3. Reject all responses and issue a new RFP for services to take effect in FY 2012-13.

RECOMMENDATION

It is recommended that the City Council approve Wells Fargo Insurance Services to provide Employee Benefits Insurance Broker and Consulting Services for the City's health and ancillary benefits.

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JOSEPH HOEFGEN, CITY MANAGER

SUBJECT: MEMBERSHIP WITH THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG)

Issue:

Shall the City of Palos Verdes Estates join the Southern California Association of Governments (SCAG)?

Background:

The Southern California Association of Governments (SCAG) is the nation's largest Metropolitan Planning Organization, representing the six counties (Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura) and 187 cities that make up the Southern California region. SCAG has increasingly served as a unifying voice for Southern California, advocating for regional priorities in Sacramento and Washington, D.C.

SCAG has been designated a joint powers authority (JPA) established under California law, meaning that it is based on an association of local governments and agencies who voluntarily come together on issues of common concern. SCAG is mandated by the Federal and State governments to develop regional plans for transportation, growth management, housing development, air quality and other issues of regional significance.

In Southern California, SCAG is the forum where local leaders converge to discuss common problems and develop common solutions to shared regional challenges. In order to ensure that Palos Verdes Estates has a voice in important issues that SCAG is currently mandated to oversee, it is recommended that the City become a member.

Discussion:

To date, the City of Palos Verdes Estates has not chosen to become a member of SCAG. Organizations such as SCAG allow smaller municipalities to have a larger voice when it comes to regional issues; as well as State and Federal issues.

The core functions of SCAG include:

- a. Exchange of objective planning information that affect local governments;

CITY COUNCIL AGENDA
MARCH 22, 2011

- b. Identification and study of problems and the making of appropriate policy or action recommendations;
- c. Review and/or develop governmental proposals and proposals creating agencies of regional scope, and the making of appropriate policy or action recommendations concerning the need for such units or agencies;
- d. Consider questions of common interest and concern to members of the Association and may develop policy and action recommendations of an advisory nature only; and;
- e. Act upon any matter to the extent and manner required, permitted or authorized by the joint powers agreements, State or Federal law, or the regulations adopted pursuant to any such law.

Under Federal and State law, SCAG is designated as a Metropolitan Planning Organization (MPO), a Regional Transportation Planning Agency (RTPA) and a Council of Governments (COG). As a designated MPO under Federal law, SCAG is responsible for developing and adopting a long-range Regional Transportation Plan (RTP) every four (4) years; and developing and approving a short-term Regional Transportation Improvement Program (RTIP) every two (2) years. The RTP serves as a basis for transportation decision making in the region. If a particular highway, road or transit improvement is not represented in the RTP, it cannot receive State or Federal funds. The RTIP is a plan which determines and prioritizes how much Federal funding State and local agencies receive in a five-year time span.

Under State law as a Council of Governments (COG), SCAG is responsible for developing a portion of the Air Quality Management Plan (AQMP) prepared by the South Coast Air Quality Management District (SCAQMD); a Regional Housing Needs Assessment (RHNA) to determine each jurisdiction's fair share of the region's future housing needs, as determined by the State Department of Housing and Community Development; pursuant the California Environmental Quality Act (CEQA) undertakes the appropriate environmental review for the RTP and RTIP; and may prepare a regional hazardous waste management plan to identify hazardous waste management issues at the regional levels.

When a jurisdiction joins SCAG, a new seat is created on the SCAG General Assembly. Representatives to the Assembly elect officers, adopt SCAG's annual work program, set the agency's planning and policy priorities, and approve the study of specific problems, programs and other matters that concern the region. The City would designate one delegate and one alternate from the City Council to sit on the General Assembly. SCAG facilitates and encourages coordination and cooperation among multiple levels of government for the greater benefit of all. By joining SCAG, the City would be guaranteed a seat at the table where solutions to regional problems are formulated and later implemented.

Fiscal Impact:

Based on the City of Palos Verdes Estates population, the FY 2010-11 membership dues are \$1,288. Since the City would be joining mid-year, the membership dues are prorated in the amount of \$322.08 for April 1, 2011 – June 30, 2011.

Recommendation:

**CITY COUNCIL AGENDA
MARCH 22, 2011**

That the City Council authorize (1) the City Manager to submit the City's request for membership and pay membership dues to the Southern California Association of Governments (SCAG); (2) the City Manager to sign the SCAG Joint Powers Agreement that is necessary for membership; and (3) the Mayor to appoint a delegate and alternate representative to the SCAG General Assembly from the City Council.