

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

**March 22, 2011**

**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 Rea.**

**PLEDGE OF ALLEGIANCE**

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

**ABSENT: Councilmember Perkins**

**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,  
Minutes Secretary Monson**

**MAYOR'S REPORT – Matters of Community Interest**

Mayor Rea announced there will be an Open House at the PV Stables on March 26<sup>th</sup> from 2:00 p.m. to 5:00 p.m.

He also announced the next Council meeting will be a Budget Workshop on March 31<sup>st</sup> at 7:30 a.m. in the Council chambers.

The City Attorney will be conducting a training session for the Planning Commission, Parklands and Traffic Safety Committee members on the Brown Act, ethics and meeting procedures and practices on March 31<sup>st</sup> at 6:30 p.m. in the Council chambers.

**CONSENT AGENDA**

Mayor Rea recused himself from Item #5b a Neighborhood Compatibility Application (NC-1408-11).

It was moved by Councilmember Humphrey, seconded by seconded by Mayor Pro Tem Bird and unanimously approved that the following Consent Agenda items be approved (4-0, Perkins absent):

- MINUTES OF CITY COUNCIL MEETING OF MARCH 8 , 2011
- CITY TREASURER'S REPORT – FEBRUARY 2011
- MONTHLY FINANCIAL REPORT – FEBRUARY 2011

- 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.

- PLANNING COMMISSION ACTIONS OF MARCH 15, 2011

**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.

Owner: Joe & Meg Lenihan

Action: Approved with conditions

**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.

Owner: Rick & Heather Kline

Action: Approved with conditions

## **COMMUNICATIONS FROM THE PUBLIC - none**

## **NEW BUSINESS**

### **AWARD OF PROFESSIONAL SERVICES AGREEMENT TO PSOMAS FOR GROUNDWATER INVESTIGATION SERVICES IN AND AROUND MALAGA COVE PLAZA**

Public Works Director Rigg reported that groundwater within and around 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 multiple electrical failures due to water filling underground electrical facilities. A subdrain built in the alley behind the Malaga Cove Plaza in 1997 has been found to be near the end of its useful life. There have been failures in the subdrain due to dirt entering the subdrain which requires periodic clearing. Groundwater is at an all-time high most likely due to the heavy rains late in 2010. The peak water level usually happens in June or July 4-5 months after the heavy rainfall. In January 2010 the Council reviewed a study funded by outside agencies regarding whether groundwater could be used by the nearby golf course. It was found to be cost prohibitive at twice the cost of potable water. Council directed staff to prepare a scope and budget for an additional investigation. A Request for Proposal (RFP) was issued. A total of three proposals were received and reviewed. Psomas was found to be the best qualified firm with the best people and most representative projects of the type of work required. The original price proposed was for \$45,600 and staff asked Psomas to add groundwater monitoring to validate and calibrate their numerical model of the groundwater. The added cost for the monitoring is \$20,700 for a total of \$66,300.

Mayor Rea asked why one of the bids, for \$16,500, was so low. Director Rigg said the City did not know what the scope of the project would be and left it up to the bidders. The low bid proposal was significantly inadequate compared to the two other proposals.

Mayor Rea asked if there is enough money in the budget to cover the project. Director Rigg said a budget adjustment of \$6,300 would be required.

Ray Burns has lived in PVE on and off for 57 years and is the managing general partner with Peninsula Investment Company that built the Post Office building and the building next to it in the early 1960's. The aquifer flows down towards the commercial buildings and the adjacent residential area. In (1997) the subdrain was installed behind the commercial properties in the Plaza. This drain system is no longer able to function at the level of its original design. In his opinion it is essential that the City have a thorough understanding of the groundwater issues and the means of mitigating the adverse affects to the City. He encouraged the Council to approve the agreement with Psomas.

Mike Donovan, the senior hydro-geologist with Psomas, said while responding to the proposal he looked at some of the available information and some good work was conducted years ago by a graduate student working with the then Public Works Engineer for the City. He said he and Psomas are very capable of doing the project which is very interesting and he believes they can solve the problem for PVE in Malaga Cove Plaza.

Councilmember Goodhart asked how the City can keep the costs in check for this project. Director Rigg said there is no way to plan for that at this time. The hope is that the aquifer operates such that the water from the Golf Club property flows down to Malaga Cove Plaza and the City could work with the Golf Club to develop a well system on the Golf Club site to use for irrigation. If the aquifer has developed in a way that the two areas are not connected who knows what the cost could be. Once a it is determined how to fix the water levels, staff will forward recommendations to the Council.

Councilmember Humphrey was in favor of the recommendation. The City has been dealing with this issue for years.

Mayor Pro Tem Bird was also in favor of the recommendation. He was impressed with the level of relevant project experience of Psomas and Mr. Donovan.

Mayor Rea was also in favor of the recommendation. He was unhappy to learn from the previous water study that it was not economically feasible to pump the water up the hill to the Golf Club. So putting a well on the golf course might be a better solution if that is a feasible solution.

It was moved by Councilmember Humphrey, seconded by Councilmember Goodhart and unanimously approved to award a professional services agreement in the amount of \$66,300 to Psomas for groundwater investigation services in and around Malaga Cove Plaza. (4-0, Perkins absent)

**AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR EMPLOYEE BENEFITS INSURANCE BROKER AND CONSULTING SERVICES FOR THE CITY'S HEALTH AND ANCILLARY BENEFITS**

Administrative Analyst Alexa Davis reported that the City uses an insurance broker to identify and negotiate core and ancillary benefits available to full-time employees. The City has worked with ISU ERG as the insurance broker for the past 13 years. As the City has not solicited proposals in 13 years and due to new health care regulations, the City issued an RFP for employee benefits and insurance broker services and consulting services. Seven firms responded by the due date of January 26, 2011. The proposals were reviewed and evaluated by staff based upon the qualifications of the firm, staff that would be assigned to PVE, the understanding of the project as evidenced by the services and insurances offered and associated costs and the firms overall experience. The two finalists selected were ISU ERG and Wells Fargo Insurance Services. Staff met with both firms and completed reference checks. ISU ERG proposed to maintain the City's current insurance offering and added various pro bono components such as COBRA administration, enhancements to the employee Wellness Program and access to human resources and legal compliance information. ISU ERG does not provide service to many public entities. They do not charge PVE directly for their services, but rather earn their revenue based upon a commission paid directly from the insurance carriers. This revenue is estimated to be \$31,000 to \$41,000 per year. The other finalist was Wells Fargo Insurance Services which is a national firm that proposed comparable services to what is currently provided to the City. Wells Fargo additionally proposed human resource and legal compliance information as well as an employee advocacy service. Wells Fargo also earns revenue based upon a percentage paid by the insurance carriers and they propose not to exceed \$30,000. Wells Fargo provides insurance services to up to 150 cities in California. With a strong focus on public agencies, they are able to offer a proprietary public sector program with a range of plans and carriers. The City does not anticipate changing insurance carriers over the next plan year which may allow a reduction in part of the premium as some of the City's current plans already exist in their municipal pools. The Wells Fargo team assigned to the PVE account includes high-level professionals that are licensed in various specialties and more specifically they are able to provide thorough resources needed to successfully navigate the new health care reform law and its applicability to PVE. They were highly rated by their references for their service and responsiveness.

Andrew Scillan, Managing Director of Wells Fargo Insurance Services, thanked the Council for the opportunity to handle the City's insurance programs and to be a trusted advisor. Regarding the team assigned to PVE, he has known the lead consultant, Gary Delaney, for 20 years. They work for numerous cities in the area with numerous attorneys on staff to help PVE through the health care reform laws as they change and evolve. It is a robust team with lead consultants who will help with bargaining unit issues, claim issues, advocacy, etc.

Councilmember Goodhart felt it was a great idea in the ever-changing insurance environment to have a firm whose business it is to keep up with such things.

Councilmember Humphrey said the previous brokers served PVE well for many years. The staff conducted a thorough analysis and she hopes this will be a supportive, productive relationship for the staff and employees.

It was moved by Mayor Pro Tem Bird, seconded by Councilmember Humphrey and unanimously approved to 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. (4-0, Perkins absent)

## **APPROVAL OF THE JOINT POWERS AGREEMENT FOR MEMBERSHIP IN THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG)**

City Manager Hoefgen reported SCAG is a joint powers authority with boundaries covering 190 cities in six counties. It is a regional government that intends to focus on those issues that are common among different jurisdictions. The staff report outlined the different responsibilities and projects that they are mandated to perform including transportation planning, growth management and forecasting as well as focusing on housing development throughout their regional planning area. Over the past few months, SCAG has made a concerted effort to get the few remaining cities that are not members of SCAG to join. One by one these cities are opting to join SCAG. Staff has had many discussions with SCAG staff describing why PVE has not been a member conveying that PVE is a built-out community that was master planned many years ago. Many of the things that fall in SCAG's jurisdiction have not been of significant importance to PVE. There is a new development that has prompted PVE to look at being a member of SCAG. SCAG is now citing authority that they believe they have in State law to collect payments from non-member cities for work that SCAG is mandated to complete related to preparation of the Regional Housing Needs Assessment (RHNA) analysis. The RHNA is a state mandated annual analysis that SCAG completes for each city within their jurisdiction including PVE. Staff has verified with the City Attorney that SCAG does have the authority to extract fees from the non-member cities for preparation of the RHNA. The fees that are charged need to reflect the reasonable actual cost of preparing the RHNA. Staff looked into this with SCAG and understands that last year SCAG incurred \$2.2 million in costs related to the preparation of the RHNA throughout their six county planning area. SCAG has divided the \$2.2 million cost amongst each of their cities which is about \$12,000 per agency. The options to PVE are: 1) retain status and remain a non-member of SCAG and potentially be liable for the payment of the \$12,000 fair share fee for the preparation of the RHNA, 2) become a member of SCAG at a fee of \$1,300 per year. PVE contacted other cities who are not members of SCAG and all are opting to join SCAG rather than pay the RHNA fee. City Manager Hoefgen reviewed the issue in February with then Mayor Humphrey and Mayor Pro Tem Rea and they concluded that joining SCAG at a cost of \$1,300 would be preferable to paying \$12,000 per year. This year's membership fee would be prorated at \$322 for April to June 2011.

Mayor Rea said SCAG has chosen to waive the RHNA fee for members which would leave only two cities in Los Angeles County, with PVE being one, which would have to pay a RHNA fee if PVE chose not to join. He did not see any great benefit to PVE being a member of SCAG, but with the economic pressure from SCAG it would be better to join.

Councilmember Humphrey agreed with Mayor Rea. She sees tremendous benefits from the fees PVE pays for membership in the League of California Cities and the South Bay Association of Governments but she is not sure what benefit a SCAG membership would provide. She asked how PVE could get out of its membership in the future if the city was no longer interested in being a member. City Manager Hoefgen said that PVE would notify SCAG and not pay the dues. Councilmember Humphrey would like staff to keep an eye on the issues and positions being taken by SCAG to be sure they are in the best interests of PVE.

Mayor Pro Tem Bird asked the City Attorney if it is lawful for SCAG to assess PVE \$12,000 annually for a report that is prepared every five years even though PVE is an independent city. Attorney Hogin said state law does authorize SCAG to charge reasonable costs for the preparation of the RHNA

analysis. Mayor Pro Tem Bird questioned the premise that the value of the information is \$12,000 per year, but if you join the organization at a fee of \$1,300 the information is free. City Manager Hoefgen said the dues are calculated using population and some cities are paying far more than \$12,000 for their SCAG membership. Mayor Pro Tem Bird was amazed that at some time SCAG was successful in lobbying the state legislature to make SCAG the point guard for preparation of the RHNA for which they can force cities to pay for through forced membership in SCAG. He said that is effective lobbying.

Councilmember Goodhart agreed that in the past PVE did not see the value of a membership in SCAG, but a couple of things have changed. The passage of AB32 and SB375, the environmental quality legislation has given SCAG more involvement and authority in transportation and air quality planning. It is all very complex and interrelated. He views the membership as protection for PVE. If PVE is not part of the process and monitoring the information being used for the various calculations, it would be hard to change things down the road and PVE would have to live with it. He supports approving membership in SCAG.

Councilmember Humphrey was not sure that SCAG would accept any corrected information in her experience.

Mayor Rea asked about language in the by-laws – it said the City shall have one official representative and one alternate in the General Assembly. City Manager Hoefgen said he asked the Executive Director of SCAG if participation is mandatory and was told there is no requirement to designate a representative. A member can only attend and participate in the General Assembly if the representative has been designated by the City Council.

Mayor Rea asked if there is anyone in the surrounding cities that is a member of PVE's designated regional council. City Manager Hoefgen said Judy Mitchell of RHE is on the regional council.

It was moved by Mayor Pro Tem Bird, seconded by Councilmember Goodhart and unanimously approved to authorize the Mayor to sign the SCAG Joint Powers Agreement. (4-0, Perkins absent)

## **STAFF REPORTS**

### **City Manager's Report**

City Manager Hoefgen complimented Alexa Davis for her work on the broker services. The information has been shared with a number of cities that are going out to bid and asked to use the RFP as a template.

City Manager Hoefgen recalled that last summer the Council and staff spent time reviewing the Personnel Rules and the Civil Services Regulations and they have been distributed to the two employee groups. Staff is waiting for their responses.

Mayor Rea noted that Rebekah Kim was in the audience.

Ms. Kim introduced herself as the new Field Deputy for Supervisor Don Knabe as Mike Gin is currently running for the 36<sup>th</sup> Congressional District. She came from Congresswoman Jane Harman's office and she grew up in Torrance. She asked that the staff and Council use her as a resource.

## **DEMANDS**

It was moved by Councilmember Goodhart and seconded by Mayor Pro Tem Bird that the demands, as approved by a majority of the City Council, totaling \$217,152.81 be allowed and it was unanimously approved.

It was moved by Councilmember Goodhart and seconded by Mayor Pro Tem Bird that the demands, as approved by a majority of the City Council, No. 518002V, 518751V, 519042V, 519184 to 519257 totaling \$524,866.24 be allowed and it was unanimously approved.

## **MAYOR & CITY COUNCILMEMBERS' REPORTS**

Mayor Rea announced the City Council Committee and Liaison Assignments for 2011-12. He said he, in consultation with Attorney Hogin, completely revamped the listings. He divided the assignments into three categories: 1) Standing Committees, 2) Ad-Hoc Committees, and 3) Liaison Assignments. He said he removed the liaisons to the School District, Library District and PV Homes Association. He also removed the rotating assignments of Council members to attend the Planning Commission, Traffic Safety Committee and Parklands Committee meetings as there are official minutes taken at those meetings that can be referred to when needed. He removed the Disaster District Program liaisons from the list as the program has recently launched and can now be handled by staff. He explained the reason for him being assigned as the only liaison to the PV Beach & Athletic Club. As Council members Perkins and Goodhart recused themselves from discussions regarding the PVBAC, there are only three Council members left to vote on any PVBAC matters. He felt it better to have only one liaison attend any meetings and report back to the remaining two Council members.

Councilmember Humphrey thought the changes to the Liaison Assignments were good and she commended Mayor Rea on making the changes.

Councilmember Bird said the City is fortunate to have such terrific commissioners and committee members serving on these committees and this shows the Council's confidence in them.

It was moved by Councilmember Humphrey, seconded by Councilmember Goodhart and unanimously approved to receive and file the report. (4-0, Perkins absent)

Councilmember Goodhart reported that Mike Martinet, LA County Office of Disaster Management Area G Coordinator, is leaving and going to work for the City of San Francisco's Controllers office.

Councilmember Goodhart attended a lunch where Colonel David Sutherland spoke on the topic of making people aware of the plight of our returning soldiers. He shared a significant statistic – 18

soldiers commit suicide daily due to their inability to transition back into society. Colonel Sutherland's mission is to gain public interest and support for the plight of these soldiers.

## **ADJOURNMENT**

There being no further business before Council the meeting was adjourned at 8:45p.m. to Thursday, March 31st, at 7:30 a.m. in the City Council Chambers of City Hall for the purpose of a Budget Workshop.

RESPECTFULLY SUBMITTED,

MICHÉLE D. MONSON, MINUTES SECRETARY

APPROVED:

WILLIAM JOHN REA, MAYOR