

June 14, 2011
6:00 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 shall 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. R11-11
NEXT ORDINANCE NO. 11-699**

CALL TO ORDER

PUBLIC COMMENT ON CLOSED SESSION ITEM(S)

CLOSED SESSION (6:00 p.m. – 7:30 p.m.)

This time has been set aside for the City Council to meet in a closed session to discuss the matter listed below pursuant to Government Code Section 54957.6. The Mayor or City Attorney will

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give an additional oral report regarding the closed session at the beginning of the regular City Council meeting.

- **CONFERENCE WITH LABOR NEGOTIATORS**

Pursuant to Government Code Section 54957.6

Agency designated representatives: City Manager Hoefgen, Assistant City Manager Smith, Administrative Analyst Davis, Attorney Scott Tiedemann

Employee Organizations: Palos Verdes Estates Public Service Employees, Palos Verdes Estates Police Officers Association

- **PUBLIC SERVICE EMPLOYEE PERFORMANCE EVALUATION**

Pursuant to Government Code Section 54957

Title: City Manager

At the conclusion of the Closed Session, the Council may continue any item listed on the closed session to the Open Session agenda for discussion or to take formal action as it may deem appropriate.

PLEDGE OF ALLEGIANCE

ROLL CALL

MAYOR'S REPORT – Matters of Community Interest

CONSENT AGENDA (Items 1-3)

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

1. City Council Minutes of May 24, 2011

Recommendation: Review and Approve.

2. Treasurer's Monthly Report – May 2011

Recommendation: Receive and File.

3. Premises Use Agreement for 1700½ Punta Place with the South Bay Regional Public Communications Authority

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Recommendation: It is recommended that the City Council approve a premises use agreement for 1700½ Punta Place with the South Bay Regional Public Communications Authority.

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.

PUBLIC HEARING – 7:30 p.m.

All persons addressing the City Council shall be limited to three (3) minutes for comment.

4. Presentation of the Fiscal Year 2011-12 City Budget

Recommendation: It is recommended that the City Council open the public hearing, receive public comment, close the public hearing; approve any additional adjustments to the FY 11-12 budget and direct staff to prepare budget resolutions for adoption at the June 28, 2011 City Council meeting.

OLD BUSINESS

NEW BUSINESS

5. Review and Approval of Palos Verdes Beach and Athletic Club FY 2011-12 Operating and Capital Budgets Including a \$10 Monthly Increase in Membership Dues

Recommendation: It is recommended that the City Council approval the FY 2011-12 Palos Verdes Beach & Athletic Club operating and capital budgets and adopt Resolution R11-10 approving a \$10 increase in monthly dues effective July 1, 2011.

STAFF REPORTS

6. City Manager's Report

DEMANDS

7.
 - a. Authorize Payment of Motion #1 – Payroll Warrant of May 27, 2011
 - b. Authorize Payment of Motion #1a – Payroll Warrant of June 10, 2011
 - c. Authorize Payment of Motion #2 – Warrant Register of June 14, 2011

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

MAYOR & CITY COUNCILMEMBERS' REPORTS

ADJOURNMENT TO TUESDAY, JUNE 28, 2011, IN COUNCIL CHAMBERS OF CITY HALL FOR THE PURPOSE OF A REGULAR MEETING.

- *This City Council meeting can be viewed on Cox Cable, Channel 35, Wednesday, June 15, 2011 at 7:30 p.m., and Wednesday, June 22, 2011, at 7:30 p.m.*

TO: JOE HOEFGEN, CITY MANAGER
FROM: DANIEL DREILING, POLICE CHIEF
SUBJECT: PREMISES USE AGREEMENT FOR 1700 ½ PUNTA PLACE BETWEEN THE CITY AND THE SOUTH BAY REGIONAL PUBLIC COMMUNICATIONS AUTHORITY
DATE: JUNE 14, 2011

ISSUE

Shall the City Council approve a Premises Use Agreement for 1700 ½ Punta Place between the City and the South Bay Regional Public Communications Authority?

BACKGROUND AND ANALYSIS

On September 18, 2000 the City signed a Premises Use Agreement (Agreement) with the South Bay Regional Public Communications Authority (SBRPCA) so SBRPCA could use the City owned premises located at Via Visalia and Punta Place. The Agreement allowed the SBRPCA to operate a communications tower at the location. The term of the Agreement was for five years, expiring on September 30, 2005. However, within the Agreement there was an option for a five year extension. In 2005, both parties agreed to extend the Agreement another five years, expiring on September 30, 2010.

During the second half of the Agreement, SBRPCA completed a total renovation to the Punta Place site, termed the Punta Place Project. This project involved the removal of two underground vaults which were over 30 years old, one at the intersection of Via Visalia and Punta Place, and the other at the end of the Punta Place cul-de-sac. Both towers at each vault were removed and combined into a single, updated tower on the downhill slope at 1700 ½ Punta Place. After the removal of the vault and tower at Via Visalia and Punta Place, the Authority replaced the raised curb defining the roadway, installed water irrigation and landscaping as designed by Palos Verdes Estates' arborist. The old vault at the end of the Punta Place cul-de-sac was replaced by an above-ground building on the down slope, which is currently invisible from the street level and residences to the east.

This structure is environmentally controlled and provides emergency communications systems for almost all of the South Bay police and fire agencies, including the P.V.E. Neighborhood Amateur Radio Team. Also, the Punta Place project provided a complete re-curbng of the Punta Place cul-de-sac, proper drainage and re-asphalting of the entire cul-de-sac. The total cost of the Punta Place Project was approximately \$2,000,000.

Since the previous Agreement has expired, a new Agreement should be approved in order to give security to both parties. Because the physical location of the communications facility has changed, the new address on the Agreement is 1700 ½ Punta Place. The term of this Agreement is ten years, extending the Agreement through June 14, 2021, and with a five year option, potentially extending the Agreement through June 14, 2026.

The City Attorney has already reviewed and approved the Agreement.

ALTERNATIVES AVAILABLE TO COUNCIL

There are two alternatives available to Council:

- 1) Approve a premises use agreement for 1700 ½ Punta Place between the City and the South Bay Regional Public Communications Authority.
- 2) Direct staff to renegotiate terms of the Agreement and present a revised Agreement to Council at a later date.

CONCLUSION AND RECOMMENDATION

It is recommended the City Council approve a premises use agreement for 1700 ½ Punta Place between the City and the South Bay Regional Public Communications Authority.

BUDGET IMPACT

There is no budget impact.

ATTACHMENTS

Premises Use Agreement

By: Mark Velez

TO: JOSEPH HOEFGEN, CITY MANAGER
FROM: JUDY SMITH, ASSISTANT CITY MANAGER
SUBJECT: PRESENTATION OF FY 2011-12 CITY BUDGET

The Issue

Shall the City Council review the FY 2011-12 budget, receive public comment and direct staff to include additional adjustments, if any, to the proposed budget?

Background

The City prepares a two-year budget document, but continues to adopt the budget on an annual basis. FY 11-12 represents the second-year of the current two-year budget cycle. The purpose of this item is to provide an overview of the proposed FY 2011-12 budget and an opportunity for public comment. In addition to this public hearing, a March 31, 2011 City Council budget meeting also included opportunity for public input.

The budget was distributed to the Council and available to the public on May 20, 2011. The City Manager's budget message was published on the City's website on that date (www.pvestates.org – City Manager's Department).

Analysis and Findings

The FY 11-12 budget is presented with an emphasis of achieving efficiencies while maintaining quality services. The City weathered the recent economic downturn without a need for personnel or service reductions. As stated before, the City's focus on core municipal services, public safety being foremost, has served us well. Economic improvement is anticipated during the next fiscal year, including a slight increase in assessed values; however, the ability to maintain the City's financial status is more attributable to current and new efficiencies than robust revenues.

The FY 11-12 total operating budget of \$14,460,190 is approximately 3% lower than the original proposed budget for FY 11-12 and 2% lower than the adjusted budget for the current FY 10-11. Areas of savings in the revised budget include a lower increase in the fire/paramedic services contract cost; savings within the Police Department due to position reclassifications (Executive Assistant and Services Officer); lower PERS safety costs and lower cost for the annual audit as a result of an engagement with a new audit firm. The total proposed budget, including capital projects of \$4,236,000, is \$18,696,190.

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Regarding the fire contract, costs were not finalized before the release of the preliminary budget. The City received the final estimated contract cost for FY 11-12 on May 23 and fortunately, preliminary budget estimates provided by the County in March held true. The increase in the fire contract for FY 11-12 totals 0.53% compared to FY 10-11. The total contract cost is \$3,936,416, which is finance solely by the Fire Services Special Parcel Tax. As a result of the budget results, there will be no change in the parcel tax rate for FY 11-12. The June 28th Council agenda will include a detailed staff report on the fire contract as part of the approval of the Auditor's Report to levy the special tax.

At this time, the only proposed modification to the budget is an additional \$100,000 for the annual road program (capital fund 30), as a result of recently awarded construction contracts. Staff will include that cost in the final budget. Resolutions required to adopt the budget, including the fire tax mentioned above and approval of the Sewer User Fee Annual Report, will be presented at the June 28th Council meeting.

Recommendation

It is recommended that the City Council open the public hearing, receive public comment, close the public hearing; approve any additional adjustments to the FY 11-12 budget and direct staff to prepare budget resolutions for adoption at the June 28, 2011 City Council meeting.

TO: JOSEPH HOEFGEN, CITY MANAGER

FROM: JUDY SMITH, ASSISTANT CITY MANAGER

SUBJECT: REVIEW AND APPROVAL OF PALOS VERDES BEACH AND ATHLETIC CLUB FY 2011-12 OPERATING AND CAPITAL BUDGETS AND ADOPT R11-10, APPROVING A \$10 INCREASE IN MONTHLY DUES EFFECTIVE JULY 1, 2011

The Issue

Shall the City Council approve the FY 2011-12 Palos Verdes Beach and Athletic Club (PVBAC) operating and capital budgets?

Analysis and Findings – FY 11-12 Operating Budget

The PVBAC Directors reviewed and approved the proposed FY 11-12 operating and capital budgets at their May 9, 2011 board meeting. On May 23rd, Mayor Rea, as Council liaison, and Ms. Smith met with Club representatives, Mr. Gib Cooper, Mr. Chris Manos and Mr. Richard Govenar, to review budget.

The FY 2011-12 operating budget contains revenue of \$1,369,580, which reflects a proposed \$10 monthly dues increase, and expenditures of \$1,339,325. The budget projects net operating income of \$30,255. Absent the dues increase, the budget would show an operating loss of ~\$43,000. As presented, July, 2011 monthly dues would total \$150 for residents and \$170 for non-residents. The last dues increase, also \$10/month, occurred in July, 2009. As with the last adjustment, the Club believes this proposed dues increase will cover the next two-year operating period.

In addition to dues, the budget shows an increase in “Swim Fees” of ~\$37,000 due to the public lesson program, being offered this year on Club premises. At the time of the liaison meeting, the program was less than 50% subscribed. Areas of expenditure increase include labor (+~\$38,000) most related to staffing of the swim lesson program; utilities (+\$11,000); pool/spa maintenance (+\$7,500) and workers compensation insurance (+\$2,900). As a result of rate negotiation with their vendor, the Club’s cost for towels shows significant savings (-\$15,800).

Please recall, although the FY 10-11 budget, as approved, reflected an operating deficit of \$4,330, the Club received Haag estate proceeds (\$97,955) in late FY 09-10, which were paid directly to the City on behalf of the Club. The FY 10-11 budget and operating results reflect the full cost of concession fee payments, budgeted at \$126,200; the estate proceeds were applied against this cost until exhausted in April 2011.

Proposed Capital Budget FY 2011-12

The capital fund balance as of May 1, 2011 totals \$679,000. The capital fund is financed by initiation fees, which are restricted for this use. Through April 30, 2011, six membership turnovers had occurred from which the club received member initiation fees totaling \$63,500. For FY 10-11, the Club has incurred capital expenses of \$144,434 compared to the amended budget of \$146,460. Taking into account other revenue (interest) and expenses (taxes), the net effect for the capital fund is -\$85,220.

The FY 2011-12 capital budget includes expenditures of \$95,466 and income (initiation fees/interest) of \$84,000. Expenditures involve scheduled replacement/or repairs for the small pool (\$16,200); iron railings (\$13,000); furniture and other equipment (\$21,700) and other major maintenance activities (\$18,566). There is also a contingency line item totaling \$26,000, which requires Club notification to the City before any expenditure. During FY 10-11 the Club incurred emergency sewer pump repairs, financed in both the capital and operating budgets, totaling ~\$32,000. The capital budget was adjusted by \$17,000, in addition to use of a \$6,000 contingency, to finance part of those repairs.

The net effect as a result of FY 11-12 projected activity on the capital balance would be a reduction of \$11,466; however, the projected balance remains healthy at more than \$667,000. The Club has not revised initiation fees since September 2007.

Alternatives Available to the City Council

1. Approve the FY 11-12 operating budget (\$1,339,325) and capital budget (\$95,466) as presented.
2. Do not approve the budget as proposed. This would require the Club and Board of Directors to change the budget to address City Council concerns.

Recommendation

It is recommended that the City Council approve the FY 2011-12 Palos Verdes Beach & Athletic Club operating and capital budgets and adopt Resolution R11-10 approving a \$10 increase in monthly dues effective July 1, 2011.

Budget Impact

The PVBAC is a non-profit entity with a separate budget from the City's. The PVBAC pays a 10% concession fee on gross revenues to the City. It is expected the PVBAC concession fee will generate ~\$135,000 in FY 11-12.