

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

November 8, 2011

A regular meeting of the City Council of the City of Palos Verdes Estates was called to order this day at 7:50 p.m. in the Council Chambers of City Hall by Mayor Rea. The Pledge of Allegiance followed.

ROLL CALL: Council Members Humphrey, Perkins, Goodhart, Mayor Pro Tem Bird, and Mayor Rea

ABSENT: None

ALSO PRESENT: City Manager Smith, Police Chief Dreiling, Public Works Director Rigg, City Treasurer Sherwood, City Attorney Hogin, Assistant City Attorney Smith, Asst. to City Manager Davis, Executive Asst./Deputy City Clerk Kroneberger

MAYOR'S REPORT – Matters of Community Interest

Mayor Rea reported that a 30-second National Emergency Alert System test will occur at 11:00 a.m. on Wednesday, November 9.

Mayor Rea announced that Planning Director Rigg will conduct an educational forum on Planning Department processes on Thursday, November 17, at 7:00 p.m. in Council Chambers of City Hall. City staff and a PVHA representative will be present to answer questions.

Mayor Rea announced the SBESC/SCE Holiday Light Exchange will take place at the City Hall e-Waste Drop-Off area on PVDW, on Wednesday, November 30, from 1:00-5:00 p.m. Incandescent light strings may be exchanged for new energy efficient LED lights; available to SCE customers.

CONSENT AGENDA (Items #1 - 3)

It was moved by Council member Humphrey, seconded by Mayor Pro Tem Bird and unanimously approved that the following Consent Agenda items (except for Council Minutes of October 25, 2011; Council members Goodhart and Perkins recused) be approved:

- CITY COUNCIL MINUTES OF OCTOBER 25, 2011
- MONTHLY FINANCIAL REPORT – OCTOBER 2011

**CITY COUNCIL
NOVEMBER 8, 2011**

- ACTIONS OF JOINT CITY COUNCIL, PLANNING COMMISSION, AND HOMES ASSOCIATION MEETING OF NOVEMBER 1, 2011

COMMUNICATIONS FROM THE PUBLIC – No one came forward to speak.

NEW BUSINESS

PALOS VERDES TENNIS CLUB FY 2012 OPERATING AND CAPITAL BUDGETS AND RESOLUTION R11-37 APPROVING A \$5 INCREASE IN MONTHLY DUES

Mayor Rea recused himself from discussion, citing potential conflict of interest; he turned the gavel over to MPT Bird and left the Chamber.

Assistant to City Manager Davis reported for FY 2011, the PV Tennis Club projects an operating loss of \$15,715 (revenue of \$506,330; expenses of \$522,045) due to fluctuations in membership throughout the year and budget deviations within Administrative Expenses (salary, benefits, grounds, office). She said the 2012 budget reflects an estimated net income of \$2,805 on revenue of \$532,205 and expenses of \$529,400. A \$5 dues increase is proposed (\$70/month, residents; \$85/month, non-residents) effective January 1, 2012. The 2012 operating budget is based upon an assumption of 390 members, which is ten less than current membership. The last dues increase occurred in 2006; this is the third year the club is running at a deficit and a \$5 dues increase is needed at this time.

The Club has a healthy cash balance of \$355,704, equal to 67.2% of the proposed operating budget, which is more than sufficient to cover an unanticipated operating shortfall.

For FY 2012, a beginning capital balance of \$115,591 is anticipated. The proposed capital budget assumes income from initiation fees of \$36,000 and expenditures of \$48,000 for an ending balance (12-30-12) of \$103,591. Expenditures planned include extensive resurfacing of two courts, court fence painting (\$19,500), and windscreen replacement (\$15,500). The Club has expressed that court fence painting is an expensive and timely process and may be deferred to a future year. \$40,000 of the Club's capital balance is set aside for potential roof replacement in the instance of an emergency.

Asst. Davis stated that due to the Club's cash position, liaisons suggested a long term capital needs plan which can be discussed at a mid-year meeting in 2012. Currently, there is no waiting list for Club membership. She said the Club offers an installment payment plan for membership initiation fee: new members are required to make a \$200 down payment and \$35 is added to each month's dues for residents; \$45 per month for non-residents, which works well for members and the Club alike. She noted the installment plan was incorrectly reflected on the accompanying resolution, confirming with Council member Humphrey that this was the only change reflected on the modified resolution for Council's consideration.

**CITY COUNCIL
NOVEMBER 8, 2011**

Councilmember Goodhart confirmed with John Hall, PVTC General Manager, that a majority of the wind screens will be replaced this year, because it has been deferred for several years; however, they can defer painting of the fences as they appear to be holding up well. Councilmember Goodhart noted that pro shop sales were down. Mr. Hall explained that they have no inventory costs; the Club receives 15% of sales for items sold, which is stocked by an outside contracted source. Also, there is zero net to the Club for lessons. Mr. Hall concluded that the Club is as busy as it's ever been, noting that less is being spent on luxury services such as lessons; however, play is not down.

Councilmember Perkins, in her first year as Tennis Club liaison, noted she had been concerned about the multi-year deficit and if the \$5 increase would be adequate, but concerns were allayed upon review of capital needs and the need to take a more long term look. She remained concerned about the cost of utilities—costs for lighting are considerable and suggested Asst. Davis can work with the Club to decrease those expenses. She supported the recommendation as presented.

Councilmember Humphrey noted club membership is a bargain for the price at the City's beautiful facility. She supported approval of the budgets and \$5 rate increase.

Councilmember Goodhart said in light of having no increase in dues for six years, he could support the modest \$5 increase and budgets as presented.

Mayor Pro Tem Bird congratulated the management and leadership of the Club, increasing its membership to 400, keeping expenses down, and noted that the cash reserves balance is good.

On motion of Councilmember Humphrey, seconded by Councilmember Perkins, City Council approved the FY 2012 Palos Verdes Tennis Club operating and capital budgets, and adopted Resolution R11-37, as amended, approving a \$5 increase in monthly dues, by unanimous oral vote; Rea recused.

Mayor Rea returned to the Chamber.

AMENDMENT TO CONTRACT WITH PSOMAS FOR ADDITIONAL GROUNDWATER INVESTIGATION SERVICES IN THE AMOUNT OF \$14,400

Public Works Director Rigg reported that groundwater within and around the Malaga Cove Plaza has been a problem for many years. A subdrain built in the alley behind Malaga Cove Plaza in 1997 is near the end of its useful life. Recent measurements in the monitoring wells show that the groundwater is at all-time highs.

On March 2011, Psomas was awarded a contract for the investigation of groundwater in and around Malaga Cove Plaza; three monitoring wells were drilled. They have found that there is a correlation from heavy rainfall accumulation and irrigation has minimal impact to the groundwater occurring in the Plaza. The westerly and south well have no groundwater; the well at Via Chico shows a significant amount of groundwater flowing from the east, potentially through the golf course.

**CITY COUNCIL
NOVEMBER 8, 2011**

PVGC is doing their own investigation into using groundwater for irrigation purposes. Extracting the groundwater would have a downstream effect and potentially impact Malaga Cove Plaza.

Director Rigg said Psomas is asking for additional funding to add two additional easterly wells at a cost of \$14,400 to confirm the origins of the groundwater, which includes drilling, installation and monitoring.

Councilmember Goodhart asked why Psomas was not considering locating a well at Via Segunda or Elevado (SE) because of an apparent gap between wells.

Michael Donovan, Psomas hydrogeologist, explained the provided geological map and the presence of water bearing sand focused on Malaga Cove Plaza, impermeable shale on the upper terraces, and lack of sand on the upper tiers; sand being their primary focus. On Via Campesina, two wells are planned, and possibly a third well at Pinale Lane. If they can prove recharge is occurring at the east/southeast, they can eliminate it (or turn it off) through a variety of techniques to reduce the amount of water that is coming into the sand causing drain failure. Roots from trees are also infiltrating drain systems.

Councilmember Goodhart confirmed with Mr. Donovan that a creek runs along and crosses over Via Campesina and will be further investigated. Mr. Donovan said there is no indication this area is a slide zone and the investigation will be about a one-year process. City Manager Smith stated any well at the Golf Club would not be drilled by the City. Councilmember Goodhart queried as to water rights at Golf Club. Director Rigg said the City has the water rights at the Golf Club, but it could be extracted with City's authorization.

Mayor Rea asked what mitigation measures could be taken if it is determined this is a recharge situation. Mr. Donovan said one option is to inject concrete creating a grout curtain so water cannot come through, or reduced significantly; channelization of the creek is another potential option.

Councilmember Perkins asked when they could expect results from Psomas. Mr. Donovan said they need a full season for investigation; a wet season is forecasted, so results could potentially be presented in August 2012.

Councilmember Humphrey asked what the cost would be if a third well is needed. Director Rigg there would be no additional cost; only a total of two wells would be drilled and installed, depending on what's found in the field.

On motion of Councilmember Humphrey, seconded by Mayor Pro Tem Bird, City Council approved an amendment to the contract with Psomas for additional groundwater investigation services and adopted Resolution R11-36, adjusting the FY11-12 budget in the amount of \$14,400 by unanimous oral vote.

STAFF REPORTS

CITY TREASURER'S REPORT

CITY COUNCIL

NOVEMBER 8, 2011

- **PRESENTATION ON CITY'S INVESTMENT POLICY AND FINANCIAL PERFORMANCE**

City Treasurer Sherwood reported that the City is fiscally sound, with a reserve balance of ~\$7 million. He reported that the investment portfolio is primarily with low-risk LAIF (Local Area Investment Fund) and U.S. Government securities. He said there is ~\$6 million invested outside of LAIF, returning an average of 1.75%, which amounts to \$105,000 annually. Treasurer Sherwood said we operate under the 'prudent person' rule; following Civil Code guidelines. Our investments are made in US Government securities or LAIF, the safest, most liquid, and secure. All of our investments have maturity dates of 5 years or less. It is not anticipated interest rates would go up sooner. Under authority of Resolution R94-22, the City Treasurer is authorized to manage the City's investments, upon discussion with the City Finance Director and City Manager. He said the custodian for our funds is Union Bank.

Councilmember Goodhart asked why a local bank cannot be utilized. Treasurer Sherwood responded they don't have all the services we require, which are offered by Union Bank.

CITY MANAGER'S REPORT

City Manager Smith reported that representatives of Southern California Edison have committed to installation of fault indicators (narrows geographic focus for repairs) and 10 fuse switches (so smaller areas would be affected in the event of outages) by the end of the year to assist in ameliorating the ongoing problem of power failures in the City, and pursuant to the most recent occurrence in Lunada Bay. SCE will present a report to Council in December.

Councilmember Goodhart reiterated residents' frustration and asked if the City can address this issue with the Public Utilities Commission. Councilmember Perkins said individuals can file complaints with the PUC. City Manager Smith said the City has heard from Lunada Bay residents who have started that process.

Director Rigg said another process provides for customers to file claims with SCE when damage occurs to power surges.

Councilmember Goodhart said the problem is the aging infrastructure and it was his hope SCE would return with a planned solution.

DEMANDS

It was moved by Councilmember Goodhart and seconded by MPT Bird that the demands, as approved by a majority of the City Council, totaling \$234,329.75 be allowed and it was unanimously approved.

**CITY COUNCIL
NOVEMBER 8, 2011**

It was moved by Councilmember Goodhart and seconded by MPT Bird that the demands, as approved by a majority of the City Council No. 518883V, 520520 to 520590 totaling \$52,055.28 be allowed and it was unanimously approved.

MAYOR & CITY COUNCILMEMBERS' REPORTS

Mayor Rea reported that the Sparkletts Emergency Water Sales event on Saturday, November 5th at the Malaga Cove DDP Emergency container was successful. Like events will occur at the other 5 DDP container locations in the coming months. Chief Dreiling reported that ~20 local residents participated in the inaugural event; the next event is scheduled for January 2012 at the Montemalaga School site and will be announced in the City newsletter.

ADJOURNMENT

There being no further business before Council the meeting was adjourned at 8:50 p.m. to Tuesday, December 13, 2011, in Council Chambers of City Hall for the purpose of a Regular Meeting.

RESPECTFULLY SUBMITTED,

**VICKIE KRONEBERGER,
EXECUTIVE ASSISTANT/DEPUTY CITY CLERK**

APPROVED:

WILLIAM JOHN REA, MAYOR

**CITY COUNCIL
NOVEMBER 8, 2011**