

CITY OF FOUNTAIN VALLEY REGULAR CITY COUNCIL MEETING

May 20, 2008

MINUTES

STUDY SESSION

Mayor Collins announced at 5:30 p.m. the beginning of the Study Session for the 2008-2009 Fiscal Year Operating Budget and Ten Year Fiscal Forecast.

Finance Director/City Treasurer Liz Fox announced that this was her 20th time presenting the budget. She then thanked the Finance Department staff for their work in creating the new look and format for this 2008-2009 Fiscal Operation Budget and Ten Year Fiscal Forecast document.

Ms. Fox provided a PowerPoint Presentation titled "2008-2009 Fiscal Year Operating Budget" for the City of Fountain Valley. She then gave an overview of topics provided in the budget including the General Fund Purpose, Current Year in Review, Budget Assumptions, Revenue Overview, Expenditure Overview, and General Fund Summary. Ms. Fox then discussed each topic providing information as noted in the Budget and PowerPoint presentation.

During the presentation there was general discussion regarding:

- Pending State budget proposals including a 1% increase to sales tax or fund borrowing from State lottery revenue, and a 10% State budget cut across the board.
- Full cost recovery for City services including classes offered by Community Services.
- PERS rates including that Police (Safety) decreased by .34%, and Personnel Manager Jean Hirai noted other health insurance costs may not rise to the projected 8% referenced in the PowerPoint.
- Sales tax conversation including discussion regarding a projected net decrease of 6% from last year for the Mike Thompson RV Super Store located on Ward Street.
- Property tax discussions including the new additions to the Sam's Club property on Brookhurst Street such as the recently opened Carl's Jr. Restaurant, progress regarding the KB Homes project at the former McDowell School site, the Brighton River Villas project, and the anticipated 4% to 5% decrease county wide property tax assessments.

Mayor Collins announced the completion of the Budget Study Session at 6:28 p.m.

CALL TO ORDER

Mayor Collins called to order the City Council meeting of May 20, 2008 at 7:01 p.m.

INVOCATION

Daniel Hatmaker gave the invocation.

SALUTE TO THE FLAG

Council Member Crandall led the salute to the flag of the United States.

ROLL CALL

Council Members Present: Ayer, Carrozzo, Collins, Crandall, Brothers
Council Member Absent: None

Also Present: City Manager Ray Kromer, City Attorney Alan Burns, Finance Director Liz Fox, Accounting Manager Sherri Holman, Housing Coordinator Brent Hoff, Management Analyst Matt Mogensen, Personnel Manager Jean Hirai, Planning Director Andy Perea, Police Chief Paul Sorrell, Public Works Director/City Engineer Mark Lewis, Senior Civil Engineer Temo Galvez, Fire Operations/Training Division Chief Craig Laser, Fire Battalion Chief Randy Anno, Field Services Manager Bob Kellison, Superintendent Facilities/Landscape Charlie Walther, Utilities Superintendent Mike Green, Superintendent of Streets/Fleet Harry Drake, Environmental Services Administrator Steve Hauerwaas and City Clerk Robin Roberts.

APPROVAL OF MINUTES

- Motion by Mayor Pro Tem Carrozzo, second by Council Member Ayer, to approve the minutes of the regular City Council meeting held on May 6, 2008 as distributed.

Ayes: Ayer, Carrozzo, Crandall, Brothers, Collins

Noes: None

Motion Carried

PRESENTATIONS

Mayor Collins made the following presentations:

- Presentation of a proclamation in recognition of Buddy Poppy Month
- Presentation of a proclamation in recognition of National Police Week to Police Chief Paul Sorrell
- Presentation of a proclamation in recognition of Public Works Week to Public Works Director/City Engineer Mark Lewis and staff
- Presentation of a Retirement proclamation to Fire Engineer Steve DeNisi

READING OF ORDINANCES

There were no ordinances for introduction or adoption scheduled for this meeting.

PUBLIC HEARINGS

1. Conduct a Public Hearing and Adoption of a Resolution to Vacate and Quitclaim Lot "B" and Lot "C" of Tract 4638 Located on Olive Circle and Mulberry Circle

RESOLUTION NO. 9169 A Resolution of the City Council of the City of Fountain Valley to Vacate and Quitclaim Surplus Public Property Known as Lot "B" and Lot "C," Tract 4638

City Attorney Alan R. Burns noted the Red Folder memorandum for this item, which intended to clarify that the Resolution before Council was not a Resolution of Intention as noted on the agenda, but a Resolution to Vacate and Quitclaim the above referenced property.

Senior Civil Engineer Temo Galvez summarized information in the staff report included in the agenda packet, providing a description of the surplus property, the process and communication involved in the surplus determination and public noticing. He then concluded with staff recommendation that City Council conduct the public hearing and adopt Resolution No. 9169 declaring intention to vacate and quitclaim surplus public property known as Lot "B" and Lot "C," Tract 4638

Mayor Collins opened the public hearing.

Having no one request to speak on this matter, he then closed the public hearing.

- Motion by Council Member Brothers, second by Council Member Ayer, to approve Resolution 9169 to vacate and quitclaim surplus public property known as Lot B and Lot C of Tract 4638.

Ayes: Ayer, Carrozzo, Crandall, Brothers, Collins

Noes: None

Motion Carried

2. Conduct the Public Protest Hearing Compliant With Proposition 218, and Adopt a Resolution Establishing the Proposed Water Rate Structure

RESOLUTION NO. 9170 A Resolution of the City Council of the City of Fountain Valley Establishing the Fiscal Year 2008/2009 Water Rate Structure for the Operation, Maintenance, and Capital Improvement of the City Water Utility Enterprise

Mayor Collins announced that pursuant to Proposition 218 as recently interpreted by the *Bighorn* case this public hearing is to consider imposing water rate fees and an increase for the City of Fountain Valley water rate payers.

City Attorney Alan R. Burns gave a legal overview of the Proposition 218 Protest Hearing procedure with respect to the substantive and procedural requirements imposed on the City with regard to increasing any fees, including that the following test must be met:

- Revenues derived from the fee or charge must not exceed the funds required to provide the property related service.
- Revenue from the fee or charge must not be used for any purpose other than that for which the fee or charge is imposed.
- The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership must not exceed the proportional cost of the service attributable to the parcel.
- The fee or charge may not be imposed for service unless the service is actually used by, or immediately available to, the owner of the property in question.
- No fee or charge may be imposed for general governmental services, such as police, fire, ambulance, or libraries, where the service is available to the public in substantially the same manner as it is to property owners.

He then noted that the City's consultant, MuniFinancial, will be presenting a report for the water rates in which it will document how each of these tests has been met. Mr. Burns concluded by providing information on the public review and noticing requirements, stating that if there is not a sufficient protest, the Council may consider whether or not to impose the charge and adopt the proposed resolution.

Brian Jewett, Division Manager of MuniFinancial, provided a PowerPoint Presentation titled "*City of Fountain Valley Water Rate Study-Public Hearing*" which included discussion of the increasing cost to supply water. Factors discussed included increased cost from the Metropolitan Water District of Orange County and Orange County Water District, drought conditions both locally and nationally, environmental judgments on import water including the Delta Smelt issue, the *Bighorn* case and Proposition 218 compliancy, the aging water systems need for upgrades and new construction both locally and nationally. He reported that the study and the proposed increase comply with the substantive provision of Proposition 218 and that the Level Utility Rate Model Development addresses financial sustainability, social responsibility, environmental soundness, and administrative ease. He provided substantial evidence that each of the Proposition 218 test were met, which was more particularly described in the written report that was made a part of these proceedings.

Council Member Crandall inquired as to what would happen to the City if the Council was to not increase the water rate as per the study.

City Manager Ray Kromer addressed the matter noting that the current purchase price of water is 10% more than that which the ratepayer is charged, thus we are subsidizing water services. He further mentioned the condition of the current water system including the age of the system, the wells that are currently not functioning, and wells sites scheduled for construction/upgrades. He concluded that without the proposed utility rate increase, these conditions would create a shortfall in the General Fund, and we would be further subsidizing water services.

Council Member Ayer noted that two-thirds of the General Fund revenue is allocated to police and fire services, and that in the scenario where the service rates were not increased, these safety services would experience cutbacks. He then inquired about the current rate structure.

Mr. Jewett explained that in the analysis it appears that the larger users or non-residential customers were paying a higher rate, thus subsidizing the residential payer; the proposed plan reconciles this situation pursuant to Proposition 218.

Mayor Pro Tem Carrozzo referenced a slide in the PowerPoint presentation that gave current and proposed single-family residential rate comparisons, and indicates Fountain Valley water rates are in the lower percentile. There was discussion that some cities may see increase beyond the numbers indicated in the chart.

Mayor Collins then reiterated discussions that both water source rates are increasing, the current water system infrastructure is, in some cases, beyond 40 years old and requires proper maintenance in order to provide water to the consumer, and that this rate increase is for one year, and will be re-evaluated next year.

At the Mayor's inquiry, City Clerk Robin Roberts reported that all the appropriate mailings and publishing of notice for this hearing occurred, that the City has received nine written protests prior, that additional protests were not received during this public hearing, and that there were 16,392 mailings to Fountain Valley water rate payers.

Mayor Collins then opened the public hearing.

There being no requests to speak on this matter, Mayor Collins then closed the public hearing.

Ms. Roberts then reiterated that the City has received nine written protests out of the 16,392 mailings provided to Fountain Valley water rate payers.

Mayor Collins then announced that the water rate structure protest has failed, and stated that the Council will now consider the Resolution imposing the charges.

- Motion by Mayor Pro Tem Carrozzo, second by Council Member Ayer to approve Resolution 9170 establishing the Fiscal Year 2008/2009 Water Rate Structure for the Operation, Maintenance, and Capital Improvement of the City Water Utility Enterprise

Ayes: Ayer, Carrozzo, Crandall, Brothers, Collins
Noes: None
Motion Carried

CONSENT CALENDAR

Council Member Crandall requested that Item 7 be pulled for discussion
Council Member Ayer requested that Item 8 be pulled for discussion

- 3. Set a Public Hearing to Consider Code Amendment No. 08-01, an Amendment to the Fountain Valley Municipal Code Adding Section 21.08.060 Regarding Reasonable Accommodations to Afford Disabled Persons an Equal Opportunity to Housing.** Staff recommendation: *City Council set a public hearing to consider Code Amendment No. 08-01 amending the Fountain Valley Municipal code to add Section 21.08.060 regarding Reasonable Accommodations for the City Council meeting of Monday, June 2, 2008.*
- 4. Set a Public Hearing to Consider An Amendment to the Circulation Element of the Fountain Valley General Plan, General Plan Amendment No. 08-01.** Staff Recommendation: *City Council set a public hearing to consider General Plan Amendment No. 08-01, amending the Circulation Element of the Fountain Valley General Plan for the City Council meeting of Monday, June 2, 2008.*
- 5. Authorization to Purchase Fuel from Cardlock/SC Fuels for Fiscal Year 2007-08 in an Amount Not to Exceed \$325,000, and Authorization for an Amount Not to Exceed \$400,000 for Fiscal Year 2008-09 for Fuel and Fueling Services.** Staff Recommendation: *City Council approval of the authorization to increase spending in the current budget year to \$325,000 and approval not to exceed amount of \$400,000 for fiscal year 2008-09.*
- 6. (1) Acceptance of Bids and Award of a Contract to Valley Slurry Seal in the Amount of \$317,089.63 for Construction of Type II Quickset Emulsion-Aggregate Slurry Seal on Various Streets Throughout the City, Project No.GT299A, (2) Acceptance of Proposal and Authorization to Issue a Purchase Order to W.R.G. and Associates in the Amount of \$13,650 for Material Testing for Project No.GT299A, (3) Amendment of the FY 2007-08 Gas Tax Budget in the Amount of \$280,000.** Staff Recommendation: *City Council (1) accept the bids and award a contract to Valley Slurry Seal in the amount of \$317,089.63 for construction of Type II quickset emulsion-aggregate slurry on various streets throughout the City, Project No.GT299A, (2) accept the proposal and authorize staff to issue a purchase order to W.R.G. and Associates in the amount of \$13,650 for material testing on Project No.GT229A, and (3) amend the FY 2007-08 Gas Tax Budget in the amount of \$280,000.*

9 **Review of the Current Status of the Emergency Repairs to the Well Casing for Well No. 4.** Staff Recommendation: *City Council authorize staff to continue with the emergency repairs to the well casing on Well No. 4 in accordance with Public Projects – Exception, Section 2.36.115 of the Fountain Valley Municipal Code.*

10. **Final Report and Acceptance of the Emergency Installation of a Universal Power Supply Unit for the City’s Data Center in the Amount of \$23,648, Pursuant to Fountain Valley Municipal Code, Section 2.36.115.** Staff Recommendation: *City Council accept the improvements and the final installation of a universal power supply unit for the City’s Data Center in the amount of \$23,648, pursuant to Fountain Valley Municipal Code, Section 2.36.115.*

➤ Motion by Council Member Crandall, second by Council Member Brothers to approve Consent Calendar Items 3 through 6, 9 and 10.

Ayes: Ayer, Carrozzo, Crandall, Brothers, Collins

Noes: None

Motion Carried

7. **Approval of Contract Change Order No. 9 to Contract No. 07-17 (Valley Crest Landscape Development) in the Decreased Amount of (\$46,472.74) for the Recreation Center Master Plan Expansion, Project No.PI790.** Staff Recommendation: *City Council approval of a Contract Change Order No. 9 to Contract No. 07-17 in the decreased amount of (\$46,472.74) for the Recreation Center Master Plan Expansion, Project No.PI790.*

Council Member Crandall noted the size of the Park Expansion project and that this change order represents staff’s ability to negotiate a decrease of over \$46,000.

➤ Motion by Council Member Crandall, second by Council Member Brothers, to approve Consent Calendar Item 7, Contract 07-17 Change Order No. 9.

Ayes: Ayer, Carrozzo, Crandall, Brothers, Collins

Noes: None

Motion Carried

8. **Approval of Amendment No. 1 in the Amount of \$370,396.74 to Contract No. 07-18 Willdan Construction for Period Services on the Recreation Center Master Plan Expansion, Project No.PI790.** Staff Recommendation: *City Council approval of the Amendment No. 1 in the amount of \$370,396.74 to Contract No. 07-18, Willdan Construction for period services on the Recreation Center Master Plan Expansion, Project No.PI790.*

Council Member Ayer noted that both Council and staff have reviewed the work provided by Willdan closely and that based on their performance and scope of work, though the amount of this amendment is large it is warranted.

- Motion by Council Member Ayer, second by Council Member Crandall, to approve Consent Calendar Item 8, Contract 07-18, Amendment Change Order No. 1.

Ayes: Ayer, Carrozzo, Crandall, Brothers, Collins
Noes: None
Motion Carried

ADMINISTRATIVE ITEMS

There were no administrative items scheduled for this meeting.

PRESENTATION OF DEMANDS

- (1) Ratification of Payroll: 258682, 264286 – 264292 and Direct Deposit Vouchers as listed in the report

- Motion by Council Member Crandall, second by Mayor Pro Tem Carrozzo, to ratify the payroll including the vouchers as listed in the report by the following roll call vote:

Ayes: Ayer, Carrozzo, Crandall, Brothers, Collins
Noes: None
Motion Carried

- (2) Consideration of Register of Demands: 165521 – 165733, ACH Vendor Payments, and electronic transfers as listed in the report

- Motion by Council Member Crandall, second by Mayor Pro Tem Carrozzo, to approve payment of the Register of Demands, ACH vendor payments, and electronic transfers as listed in the report, by the following roll call vote:

Ayes: Ayer, Carrozzo, Crandall, Brothers, Collins
Noes: None
Motion Carried

RECESS

Mayor Collins recessed the regular Council meeting at 7:49 p.m. to an Agency for Community Development meeting.

RECONVENE

Mayor Collins reconvened the regular Council meeting at 7:50 p.m. with all Council Members present.

PUBLIC APPEARANCES -- ORAL COMMUNICATIONS (Unscheduled Matters Only)

There were no requests to speak publically at this meeting.

APPOINTMENTS

There were no appointments scheduled for this meeting.

COUNCIL COMMENTS (Outside Committee Activities, AB1234 Reporting and General Comments)

Council Member Ayer reported that the Public Cable Television Authority had another meeting where they reviewed the budget information under the new State Franchise Agreement.

Council Member Carrozzo reported on his attendance at the last Orange County Library Advisory Board meeting where they approved the 2009-2009 fiscal year budget, noting potential decrease in revenues for the upcoming 2009-2010 fiscal year.

Council Member Brothers reported that the Orange County Vector Control did not raise the mosquito abatement (parcel) tax and that the fire ant abatement (parcel) tax will be slightly reduced. She further noted that when the Orange County Vector Control left the Orange County Employees Retirement system about two years prior it created a liability and the liability amount owed to the retirement system appears to be approximately \$2,000,000.

Council Member Crandall reported on an emergency meeting called by the Orange County Sanitation District due to financial problems of a large corporation of which the District held Certificates of Participation. He further noted that due to this financial situation the Districts projected revenues are reduced by \$2,000,000. He then encouraged residents to contact their legislative representative if they are not in support of the State reducing the amount of property tax revenues received by special districts such as sanitation districts.

ADJOURNMENT

Mayor Collins adjourned the City of Fountain Valley City Council meeting at 7:55 p.m. to the next scheduled meeting on Monday June 2, 2008 rather than Tuesday June 3, 2008 due to an anticipated lack of quorum.

John J. Collins, Mayor
City of Fountain Valley

ATTEST:

Robin Roberts, City Clerk