



Minutes

Lakewood City Council

Regular Meeting held
January 25, 2000

MEETING WAS CALLED TO ORDER at 7:30 p.m. by Mayor Esquivel in the Council Chambers at the Civic Center, 5000 Clark Avenue, Lakewood, California.

INVOCATION was offered by Reverend Lance Allen, Lakewood First Presbyterian Church

PLEDGE OF ALLEGIANCE was led by Boy Scout Troop #209

ROLL CALL: PRESENT: Mayor Joseph Esquivel
Vice Mayor Wayne Piercy
Council Member Marc Titel
Council Member Larry Van Nostran
Council Member Robert Wagner

ANNOUNCEMENTS AND PRESENTATIONS:

Mayor Esquivel announced that the meeting would be adjourned in memory of Ginny Fairfield, a long-time volunteer in the Neighborhood Watch Block Captain program.

June Oury, representing the Friends of the Lakewood Libraries, gave a brief presentation regarding the group's efforts to support and help the libraries through activities like the "Taste of Lakewood" fundraiser and their book sales.

PRESENTATION BY THE OFFICE OF THE STATE AUDITOR REGARDING WATER REPLENISHMENT DISTRICT REPORT

Nancy Woodward, Team Leader for the State Auditor on the Water Replenishment District Audit, briefly reviewed the findings of the State audit. She displayed slides and stated the three major focus areas of the audit were how the District calculated their assessment rate for fiscal years 1989/1990 through 1999/2000 and how this compared with its program expenditures; contracted for and implemented two of its capital projects; and controlled and documented administrative spending.

Vice Mayor Piercy, noting that the State Auditor's report had made findings and recommendations, inquired what the next step would be. Ms. Woodward advised that although her office had no enforcement authority, they did have the ability to go back and do follow up work at sixty-day, six-month, and one-year intervals to see if report recommendations were being implemented. She noted that their findings would be reported to the legislative budget sub-committee.

Council Member Wagner pointed out that in the response of the Water Replenishment District to the audit report, they had been pleased to state that the audit had found no evidence of fraud, corruption, misfeasance, malfeasance or evidence that the District had exceeded its statutory

WATER REPLENISHMENT DISTRICT REPORT - Continued

authority and asked Ms. Woodward to state the actual purpose of the audit. Ms. Woodward responded by stating that the District seemed to have mis-characterized what prompted the audit, which was a performance audit and was never intended as an investigation.

Council Member Wagner also expressed concern about the WRD's ability to award a contract for a \$20 million project without being required to request proposals or competitive bids. He asked about the provisions of the California Public Contract Code. City Attorney John S. Todd responded by stating that the Public Contract Code applied to the State, Counties, Cities and certain special districts. Ms. Woodward stated that the WRD was not required to comply with that Code but that the audit had included the recommendation that the District either voluntarily adhere to that Code or write comparable regulations into their own administrative code.

Council Member Titel, inquiring about the report's findings that the assessment rates were too high, stated that by consistently overestimating the amount of water that it would need to purchase for the year and the amount of water to be pumped, the District seemed to be inflating the price on both ends. Ms. Woodward stated that the audit had not shown a problem with the way WRD was estimating the amounts to be purchased and pumped, but rather had demonstrated that WRD had repeatedly failed to look at prior years consumption and failed to consider excess or reserves from prior years when calculating rates. Council Member Titel also asked about the projected savings figure for the Alamitos Barrier project, noting that the audit had shown that instead of a \$1.2 million savings over twenty years as projected by the WRD, the project could show as much as a \$4 million loss. Ms. Woodward replied that the only difference between their calculations and WRD's was the use of the Metropolitan Water District table of projected rates as opposed to WRD's use of a 4% per year inflation rate.

Responding to a question from Council Member Titel, Water Resources Director Jim Glancy stated that the desalter project, as planned by the WRD, could cost as much as \$25 to 26 million. Mr. Glancy also noted that a report published by the West Basin Municipal Water District, which also operates a desalter unit, indicated that if an expansion project were constructed as a joint effort between the two districts, such a project could be completed for approximately \$11 million. Council Member Titel asked Mr. Glancy if the District had jumped at the chance to save its customers more than \$10 million. Mr. Glancy responded by stating that although the WRD Board had been advised that the report was available, the WRD staff has indicated that they were not interested in looking at it.

Council Member Wagner expressed concern that the audit did not address the issue of working in cooperation with other agencies such as the West Basin Municipal Water District for major projects to insure that there was not unnecessary duplication of effort. Ms. Woodward stated that the issue had been addressed in the fieldwork but that it was not so clear cut that it would preclude the District Board from deciding, as was their prerogative, to build their own facility rather than a cooperative facility with another agency. Mr. Glancy noted that the report from the West Basin Municipal Water District had not been available to the public at the time the audit was performed.

Mayor Esquivel thanked Ms. Woodward for appearing to present the audit findings.

ROUTINE ITEMS:

COUNCIL MEMBER VAN NOSTRAN MOVED AND VICE MAYOR PIERCY SECONDED TO APPROVE ROUTINE ITEMS 1 THROUGH 15.

RI-1 Approval of Minutes of the Meetings held December 14, December 16, December 28, 1999, and January 11, 2000

RI-2 Approval of Personnel Transactions

RI-3 Approval of Registers of Demands dated December 9, December 16, December 23, December 30, 1999, January 6, and January 13, 2000

RI-4 RESOLUTION NO. 2000-1; A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEWOOD PROHIBITING THE PARKING OR STANDING OF VEHICLES BETWEEN 7 A.M. AND 12 P.M. ON FRIDAY OF EACH WEEK FOR STREET SWEEPING PURPOSES ON BOTH SIDES OF CANEHILL AVENUE BETWEEN ARBOR ROAD AND DEL AMO BOULEVARD SOUTH SERVICE ROAD

RI-5 Acceptance of Notice of Completion for Public Works Project No. 99-3, City Hall/Sheriff Annex Re-Roofing Project

RI-6 Approving Renewal of Grounds Maintenance Agreement with Los Angeles County for Iacoboni Library

RI-7 RESOLUTION NO. 2000-2; A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEWOOD APPROVING MASTER AGREEMENT NUMBER 00314 FOR STATE-FUNDED PROJECTS AND PROGRAM SUPPLEMENT NUMBER 239 TO MASTER AGREEMENT NUMBER 000314 AND AUTHORIZING THE MAYOR TO EXECUTE SAID AGREEMENTS

RI-8 Approval of Monthly Report of Investment Transactions

RI-9 Approval of Quarterly Schedule of Investments

RI-10 Review of Investment Policy

RI-11 RESOLUTION NO. 2000-3; A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEWOOD ADOPTING THE 2000 EDITION OF THE STANDARD SPECIFICATIONS FOR PUBLIC WORKS CONSTRUCTION

RI-12 Approval of Engagement of Burke, Williams & Sorensen for Solid Waste Legal Issues

RI-13 Approval of Professional Design Services Agreement with Charles Walton Associates for the Iacoboni Library Renovation Project

RI-14 Approval of Amendment to Professional Design Services Agreement with Purkiss-Rose/RSI for Construction Phase of the Monte Verde Park Renovation Project

ROUTINE ITEMS: Continued

RI-15 Approval of Engineering Services Agreement with Reedcorp Engineering for Design of Emergency Generator Systems for the Centre and Nixon Maintenance Yard

UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piercy, Wagner, Van Nostran, Titel and Esquivel

NAYS: COUNCIL MEMBERS: None

1.1 • REQUESTING LAFCO TO INITIATE REORGANIZATION OF TERRITORY FOR DETACHMENT FROM WATER REPLENISHMENT DISTRICT

Mayor Esquivel announced this was the time and place for a public hearing to be held on the consideration of the resolution of application for detachment. The Mayor asked the City Clerk if she had proof that timely notice had been mailed to the Local Agency Formation Commission and other affected agencies. The City Clerk responded by stating that she had such proof.

COUNCIL MEMBER WAGNER MOVED AND VICE MAYOR PIERCY SECONDED TO RECEIVE AND FILE THE PROOF OF MAILING. THERE BEING NO OBJECTION, IT WAS SO ORDERED.

The Director of Water Resources displayed slides and presented an oral report based on his memorandum contained in the agenda packet including a brief history of the Water Replenishment District and identified the area the District covers in the central basin.

Council Member Titel, noting that at its peak, the rates for the District had been \$162 per acre foot of water pumped out of the basin, questioned how the District could have failed to consider their ever growing surplus. Mr. Glancy responded by stating that it was only over the past two years, under pressure from the water pumpers, that WRD had reduced its rates and rebated a portion of the surplus.

Vice Mayor Piercy asked if there would be a problem with wells in the eastern portion of the City that were owned and operated by Southern California Water Company. Mr. Glancy responded by stating that it should not be a problem for those wells to be considered separately from the ones owned and operated by the City of Lakewood, and that Southern California Water Company should have the option of contracting with a newly formed Joint Powers Authority for water replenishment or staying with the WRD. Mr. Glancy also confirmed for the Vice Mayor that no water rights would be in jeopardy since they were property rights assigned by court action. Vice Mayor Piercy also determined from Mr. Glancy that WRD charges were the single highest expense of the Lakewood Water Department and without the excessive charges each individual resident's bill could be lowered by as much as eight percent.

1.1 • REQUESTING LAFCO TO INITIATE REORGANIZATION OF TERRITORY FOR DETACHMENT FROM WATER REPLENISHMENT DISTRICT - Continued

Council Member Titel noted that the WRD was the only special district in the State calling itself a replenishment district, although there were a number of agencies statewide that performed the same functions. He asked Mr. Glancy what a newly formed JPA could do about facilities for groundwater recharge. Mr. Glancy stated that all of the facilities currently being utilized by the WRD were, in fact, the owned and operated by the County of Los Angeles and that a JPA could come to a reasonable agreement with the County for reimbursement for the use of those facilities.

City Attorney John S. Todd noted for the record that the agenda packet contained a draft copy of the proposed application to the Local Agency Formation Commission.

Mayor Esquivel determined from the City Clerk that no correspondence had been received regarding this matter.

Mayor Esquivel asked if there was anyone in the audience that wished to be heard on this matter.

Stephen Fischer, Attorney for the Water Replenishment District, stated that he had comments to make and also wished to submit a written summary of his comments. The written comments were accepted by the City Clerk. Mr. Fischer stated that the WRD had projects that were of benefit to the City beyond just the replenishment of the groundwater. He stated that it was the position of the WRD that the proposed detachment proposal demonstrated no compliance with the California Environmental Quality Act; provided no analysis to show that detachment would lower rates; was not in compliance with the Cortese-Knox Act; that the notice to affected agencies was inadequate; and provided no analysis on the City's sphere of influence. He stated that a regional basis was necessary for the proper management of the needs of the basin. He concluded by strongly encouraging the City Council to review Appendix B of the State Auditor's Report.

Council Member Titel noted that the WRD Board seemed to have taken exception to the audit's recommendations on administrative changes and changes to the rate setting policies. Mr. Fischer stated that it amounted to a difference of opinion between the State Auditor and WRD on exactly how the District's problem areas should be addressed. Mr. Fischer also stated that the District Board had a new chairperson and was trying to implement changes to policies based upon the report.

Council Member Wagner pointed out that although the District had said it was taking action in response to the Audit Report, it had not demonstrated any action. He noted that the Audit Report had referenced an overabundance of public relations employees and consulting firms and yet since the publication of the Audit Report, the WRD had increased the level of staff rather than cut back. He stated that another demonstration of the Board's lack of responsiveness was shown when they adopted new procurement procedures at a Board meeting and then violated those procedures later in the same meeting. He stated that the cities had been trying to work with the WRD for more than two years without any responsiveness from the WRD Board. He further stated that the City Council had a responsibility to its residents, the ratepayers. Mr. Fischer responded by stating that rates had been reduced and that the WRD had also been assigned additional responsibilities by the State in recent years.

1.1 • REQUESTING LAFCO TO INITIATE REORGANIZATION OF TERRITORY FOR DETACHMENT FROM WATER REPLENISHMENT DISTRICT - Continued

Council Member Wagner raised the issue of the amount of reserve funds and observed that although the Audit Report had recommended a reserve of \$10 million, the Board had chosen to maintain a reserve of \$20 million. He also noted that with a current reserve of \$50 million, the Board should use those funds for capital projects before resorting to issuing bonds. Mr. Fischer's response was that the \$20 million level was one that had been recommended by the Board's own financial and operations professionals and that the reserve amount would be taken into consideration when issuing bonds for construction of capital projects.

Mr. Glancy noted that should the bond issue go forward, the price could swell to \$180 per acre foot within the next five years in order to pay off that indebtedness.

Vice Mayor Piercy asked Mr. Fischer about the significance of Appendix B. Mr. Fischer responded by stating that a review of Appendix B would illustrate the need for a regional approach to the management of the Central and West Basins.

COUNCIL MEMBER WAGNER MOVED AND VICE MAYOR PIERCY SECONDED TO CLOSE THE PUBLIC HEARING. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piercy, Wagner, Van Nostran, Titel and Esquivel

NAYS: COUNCIL MEMBERS: None

RESOLUTION NO. 2000-4; A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEWOOD REQUESTING THE LOCAL AGENCY FORMATION COMMISSION INITIATE PROCEEDINGS FOR THE REORGANIZATION OF TERRITORY was read by title by the City Clerk.

COUNCIL MEMBER WAGNER MOVED AND VICE MAYOR PIERCY SECONDED TO WAIVE FUTURE READING AND ADOPT RESOLUTION NO. 2000-4.

Council Member Titel stated that this action was not the best alternative, that it would have been far better to work within the existing framework to make the necessary changes. He further stated that rate payers should not have to pay for the excesses of this agency and that although the City had attempted to address and correct those problems with the WRD Board, it had not happened. He closed by stating that the City owed it to its residents to not allow this situation to go on any longer than necessary.

Council Member Wagner stated that although the WRD could be a meaningful agency in the region, it was currently an agency out of control, with no indication that its Board would be responsive to the concerns expressed by its customers. He noted that an agency which should have been based on an engineering staff, was instead top heavy with public relations specialists, and was still contracting with additional outside public relations firms.

1.1 • REQUESTING LAFCO TO INITIATE REORGANIZATION OF TERRITORY FOR DETACHMENT FROM WATER REPLENISHMENT DISTRICT - Continued

Council Member Wagner stated that the Board had had opportunities to make changes and yet had chosen not to do so. Even the Board's initial response to the findings contained in the State Auditor's Report, one of the most harsh reports issued by the Auditor in years, was to disagree with the findings. He concluded by stating the City had nothing to gain monetarily by this action, and with other avenues exhausted, had no choice but to proceed with the detachment.

Vice Mayor Piercy stated enough had been said to reveal that there was no other workable solution to the problem forthcoming and that the detachment was now the only responsible solution for our residents. He also stated that with costs being passed through to every water customer, this was an important issue for all citizens.

UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piercy, Wagner, Van Nostran, Titel and Esquivel

NAYS: COUNCIL MEMBERS: None

1.2 • AWARD OF BID FOR PUBLIC WORKS PROJECT NO. 00-01, DRILLING WATER WELL 15A

Director of Public Works Lisa Rapp presented an oral report based on her memorandum contained in the agenda packet and reported that three bids had been received for the drilling of a new water well to be located south of Del Amo Boulevard at 4850 Ocana Avenue. The new well, which was projected to produce 1,500 gallons of water per minute, was expected to be completed in April, 2000. It was the recommendation of staff that the City Council award the contract for Public Works Project 00-01 to the low bidder, Bakersfield Well & Pump Company, in the amount of \$276,232 and authorize staff to approve a cumulative total of change orders not to exceed \$25,000.

Mayor Esquivel opened the public hearing at 9:34 p.m. and called for anyone in the audience wishing to address the City Council on this matter. There was no response.

COUNCIL MEMBER TITEL MOVED AND VICE MAYOR PIERCY SECONDED TO CLOSE THE PUBLIC HEARING AND APPROVE STAFF'S RECOMMENDATION. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piercy, Wagner, Van Nostran, Titel and Esquivel

NAYS: COUNCIL MEMBERS: None

1.3 • AWARD OF BID FOR PUBLIC WORKS PROJECT NO. 00-2, CHERRY COVE PLAY EQUIPMENT REPLACEMENT

The Public Works Director presented an oral report based on her memorandum contained in the agenda packet and stated three bids had been received for the replacement of play equipment at Cherry Cove Park, a necessary upgrade to comply with new State and Federal safety guidelines. It was the recommendation of staff that the City Council adopt the plans, specifications, addendum and working details for the project; approve the Financial Size Category rating of VI for the project; award the contract to the low bidder, Malibu Pacific Tennis Courts, Inc., in the amount of \$40,995; and authorize staff to approve a cumulative total of change orders not to exceed \$2,000.

Mayor Esquivel opened the public hearing at 9:37 p.m. and called for anyone in the audience wishing to address the City Council on this matter. There was no response.

COUNCIL MEMBER WAGNER MOVED AND COUNCIL MEMBER TITEL SECONDED TO CLOSE THE PUBLIC HEARING AND APPROVE STAFF'S RECOMMENDATION. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piercy, Wagner, Van Nostran, Titel and Esquivel

NAYS: COUNCIL MEMBERS: None

3.1 • ANNUAL STATEMENT OF INTERGOVERNMENTAL RELATIONS GOALS

Assistant City Administrator Michael Stover stated that contained in the agenda packet was a report on the recommendations of the Intergovernmental Relations Committee on Goals for the year 2000, including Federal, State and regional issues.

COUNCIL MEMBER VAN NOSTRAN MOVED AND COUNCIL MEMBER TITEL SECONDED TO APPROVE THE INTERGOVERNMENTAL RELATIONS GOALS AS PRESENTED. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piercy, Wagner, Van Nostran, Titel and Esquivel

NAYS: COUNCIL MEMBERS: None

At 9:38 p.m., the Regular Meeting of the City Council was recessed for the Meetings of the Lakewood Redevelopment Agency and the Lakewood Public Financing Authority. At 9:40 p.m., the City Council Meeting was reconvened.

ORAL COMMUNICATIONS:

Linda Stein addressed the City Council regarding traffic concerns on her street.

ADJOURNMENT

There being no further business to be brought before the City Council, Mayor Esquivel adjourned the meeting at 9:44 p.m. in memory of Ginny Fairfield.

Respectfully submitted,

Denise R. Hayward, CMC
City Clerk