

LAGUNA NIGUEL CITY COUNCIL
Minutes of the Regular City Council Meeting
August 6, 2019 – 6:00 p.m.

CALL TO ORDER – Mayor Jennings called the Regular City Council meeting to order at 6:00 p.m.

ROLL CALL

Mayor John Mark Jennings – Present
Mayor Pro Tem Laurie Davies – Present
Council Member Elaine Gennawey – Present
Council Member Fred Minagar – Present
Council Member Sandy Rains – Present

FINANCE

1. Five Year Revenue and Expenditure Forecast and Pension Reserve Policy Workshop

Interim City Manager Hall stated that at their meeting on June 18, 2019, the City Council requested that staff prepare a Pension Reserve Policy and provide information on the Pension Plan Funded Status. He stated that as a result, the workshop is being provided for the City Council to discuss the Five Year Revenue and Expenditure Forecast and Pension Reserve Policy and different funding options.

Finance Director Erlandson gave a PowerPoint presentation on the Five Year Revenue and Expenditure Forecast and Pension Reserve Policy (Policy) and provided an overview of the pension plan funded status. He stated that the forecast is built upon the Fiscal Year 2019-20 budget that the City Council adopted on June 4, 2019. He stated the change in the fund balance is a decrease of \$10.5 million in General Fund Reserves, primarily to fund the completion of the Crown Valley Park Community Building (CVP Building). He stated that going forward, total inflows and outflows Citywide, which include General Fund and restricted funds such as Measure M2 and Gas Tax, are projected to increase the City's overall fund balance year over year. He stated the assumptions that were used in this five-year cash flow summary are tied directly to inflation measured by Consumer Price Index (CPI), some known factors such as what our pension costs are going to be and incorporated into that is the state mandated unfunded liability paydown for Fiscal Year 2019-20, which is close to \$400,000. He stated that the City currently has an unfunded pension liability of \$7.5 million, with a funded ratio of 78.2%. He stated that if the City keeps the status quo, it is projected that our pension plan will be fully funded by June 30, 2039. He stated staff is recommending that an irrevocable supplemental trust be established, or Section 115 Trust, and staff will initiate the process in September 2019. He stated that in the short term, staff recommends that the City Council amend the City's Financial Reserves Policy, creating a reserve for unfunded pension liability. He provided suggested language for the unfunded pension liability reserve as follows:

"The City will fund a reserve for unfunded pension liability. The annual contribution to this reserve shall equal....., until such time that the City establishes an irrevocable supplemental Section 115 Trust." He stated the City Council will need to determine that amount and recommended that the annual contribution to the reserve for unfunded pension liability not exceed \$150,000 for the year ending June 30, 2019.

Discussion ensued.

Finance Director Erlandson answered questions from the City Council regarding the establishment of a Section 115 Trust (Trust). He stated there would be a third party administrator for the Trust, and the City Council could have a trust provider or an investment manager to manage the investments in that Trust. He reviewed the three options recommended by staff as follows:

Option 1: Amounts to be placed into the Section 115 Trust can be included as an operating budget line item. This would provide a known amount and better cash flow management during the course of any given fiscal year;

Option 2: Amounts to be placed into the Section 115 Trust can be a function of the City's Financial Reserve Policy, fairly similar to the language provided previously. This provides flexibility in funding based on actual year end results, depending on actuals.

Option 3: A mix of both Option 1 and Option 2; have a budgetary line item and any excess or savings at the end of the year could be included in the Section 115 Trust, on top of the budgeted amount.

Finance Director Erlandson stated that staff is requesting direction on proposed language and initial dollar amounts to amend the 2018-19 City's Financial Reserve Policy, and to begin setting aside amounts to be placed in a Section 115 Trust. He stated that staff is also requesting direction on the process in which to fund a Section 115 Trust once it is established.

Discussion ensued regarding the process to establish Option 1, Option 2 or Option 3.

PUBLIC COMMUNICATIONS

There were no public speakers.

A MOTION was made by Mayor Jennings, seconded by Council Member Gennaway, to:

- a. Direct staff to implement Option 3, a mix of both Option 1 and Option 2;
- b. Fund a reserve for unfunded pension liability with an annual contribution amount of \$150,000, until such time that the City establishes an irrevocable supplemental Section 115 Trust, and that the annual contribution to the

reserve for unfunded pension liability not exceed \$150,000 for the year ending June 30, 2019; and

- c. Include a minimum of \$150,000 in the Fiscal Year 2019-20 Budget at the mid-year budget review and add additional funds to the unfunded pension liability account, depending upon the budget surplus at the end of Fiscal Year 2019-20.

Motion carried 5-0.

A MOTION was made by Mayor Jennings, seconded by Council Member Gennaway, to direct staff to set up a Section 115 Trust.

Motion carried 5-0.

CLOSED SESSION

PUBLIC COMMUNICATIONS ON CLOSED SESSION ITEMS

There were no public comments for Closed Session.

RECESS TO CLOSED SESSION

City Attorney Ennis read the Closed Session titles into the record.

1. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 of the California Government Code)
Number of potential cases: two (2)

Mayor Jennings and the City Council recessed to Closed Session at 6:31 p.m.

Mayor Jennings and the City Council reconvened from the Closed Session at 7:00 p.m.

City Attorney Ennis announced there was no reportable action from the Closed Session.

CALL TO ORDER AND ROLL CALL – 7:00 P.M.

Mayor Jennings called the Regular meeting back to order at 7:04 p.m.

INVOCATION – Reverend Jim Szeyller, Laguna Niguel Presbyterian Church

PLEDGE OF ALLEGIANCE – Girl Scout Brownie Troop 5477

PRESENTATIONS

1. **Proclamation Declaring September 16 – 22, 2019 as Constitution Week**

Mayor Jennings announced that the proclamation declaring September 16 – 22, 2019 as Constitution Week would be mailed to the Daughters of the American Revolution.

2. Presentation by Southern California Edison on the 2019 Wildfire Mitigation Plan

Karalee Darnell, Public Affairs Manager for Southern California Edison (SCE), gave a PowerPoint presentation regarding SCE's 2019 Wildfire Mitigation Plan and answered questions from the City Council.

PUBLIC COMMUNICATIONS

Janice Sherertz, resident and Board Member for the Laguna Niguel Library, expressed her concerns regarding the proposed relocation of the Laguna Niguel Library.

Peggy Schwartz, President of the Friends of the Laguna Niguel Library, expressed her concerns regarding the community meeting that proposed relocation of the Laguna Niguel Library.

Irene Bowie, resident, expressed her concerns regarding the scoping meeting on July 23rd to discuss the proposed Laguna Niguel City Center Project and requested that the public be allowed to provide input at the next meeting.

CONSENT CALENDAR

Council Member Minagar abstained from voting on Item No. 1 and pulled Item No. 8 for discussion.

Council Member Gennaway abstained from voting on Check No. 4344 to Dell Marketing in the Warrant Register under Item No. 1.

A MOTION was made by Mayor Pro Tem Davies, seconded by Council Member Minagar, to approve the remainder of the Consent Calendar as presented.

Motion carried 5-0; with Council Member Minagar abstaining from voting on Item No. 1, and Council Member Gennaway abstaining from voting on Check Number 4344 to Dell Marketing in the Warrant Register under Item No. 1.

1. Warrants of August 6, 2019

Approved as written.

2. Payroll Summary Register

Approved as written.

3. Minutes of the Regular City Council Meeting on July 16, 2019

Approved as written.

4. Investment Report as of June 30, 2019

That the City Council receives and files the City of Laguna Niguel Investment Report as of June 30, 2019.

5. Designation of Voting Delegate and Alternates for the 2019 League of California Cities Annual Business Meeting

- a. Appointed Mayor Jennings as the Voting Delegate; and
- b. Appointed Council Member Minagar and Council Member Rains as the Alternate Voting Delegates for the 2019 League of California Cities Annual Business Meeting on October 18, 2019.

6. First Amendment to the Agreement with Interwest Consulting Group, Inc. for IT Services

- a. Approved the First Amendment to the Professional Services Agreement for Information Technology Management and Support with Interwest Consulting Group, Inc.; and
- b. Authorized the City Manager to execute the First Amendment to the Professional Services Agreement subject to the City Attorney making non-substantive changes.

7. Proposed Personnel Adjustments in the Community Development Department

Adopted Resolution No. 2019-1296, to reclassify one Planning Manager position to Development Services Manager and establish the salary range; change the title of Code Enforcement Officer to Code Compliance Inspector; establish a progressive classification series for the Assistant and Associate Planner positions; eliminate one vacant Planning Manager position; and adopt and amend job descriptions.

9. City Sponsorship of DAWG Walk & Adoption Extravaganza

Approved a \$500 sponsorship for the 2019 DAWG Walk & Adoption Extravaganza.

ITEMS PULLED

8. Americans with Disabilities Act Self-Evaluation and Transition Plan Update

Council Member Minagar inquired about the reason why a Request for Proposals (RFP) was not issued and stated that the City should have a pool of qualified consultants for this purpose.

Deputy City Manager Bell stated the California Joint Powers Insurance Authority (CJPIA) is the City's insurance authority, and that they have a program that offers grants to their member agencies that wish to participate by updating their self-evaluation and transition plans. She stated CJPIA conducted an RFP process and the City is currently using the consultant that has already been through the competitive process with CJPIA. She stated that this is a

continuation of work that this company has already provided for the City earlier this year.

Discussion ensued.

A MOTION was made by Council Member Minagar, seconded by Council Member Gennawey, to:

- a. Approve a Memorandum of Understanding (MOU) with the California Joint Powers Insurance Authority (CJPIA) in the amount of \$87,060 to evaluate the City's sidewalks, curb ramps, intersections, bus stops and bus shelters and upload this data in the DACTrak accessibility software for planning and tracking improvements.
 - b. Authorize the City Manager to execute the MOU with CJPIA.
- Motion carried 5-0.**

COMMUNITY DEVELOPMENT

1. Special Assessment for Weed Abatement Unpaid Charges

Senior Planner List provided information as stated in the staff report. He stated that on June 18, 2019, the City Council adopted Resolution No. 2019-1292, directing City staff to commence with weed abatement on properties that were previously declared a public nuisance and to report back to the City Council with the related costs. He stated the City performed the weed abatement on four properties, which were invoiced for the work performed. He stated Exhibit 1 to Resolution No. 2019-1292 has been updated to reflect full payment by the Chatelain Homeowners Association. He stated that to date, the City has not received payment for the remaining three properties totaling \$4,410.00.

Mayor Jennings opened the public hearing.

PUBLIC COMMUNICATIONS

There were no public comments.

Mayor Jennings closed the public hearing.

Council Member Rains asked if the property owners were provided sufficient notification prior to these proceedings.

Senior Planner List confirmed that the property owners were contacted by mail and by phone.

A MOTION was made by Council Member Minagar, seconded by Council Member Rains, to adopt Resolution 2019-1297.
Motion carried 5-0.

PUBLIC WORKS

1. **Adoption of Resolution No. 2019-1293 Adopting a Mitigated Negative Declaration and Associated Mitigation Monitoring and Reporting Program Plan, and Making Findings in Connection Therewith and Approving the City's Wetlands Operations and Maintenance Plan**

Council Member Minagar recused himself from discussion on this item due to a perceived potential conflict and left the dais at 7:42 p.m.

Public Works Director Scott provided information as stated in the staff report. She stated that the Mitigated Negative Declaration and Mitigation Monitoring Reporting Program Plan will allow the City to apply and obtain expanded permits within the City's wetlands areas. She stated these permits are under the jurisdiction of the California Department of Fish and Wildlife, the U.S. Army Corps of Engineers, and the Regional Water Quality Control Board. She stated that also for City Council's consideration is approval of the Wetlands Operations and Maintenance Plan that will implement the maintenance methodologies covered by these permits. She stated the work on this document has been in progress by the City's environmental consultant, ICF Jones & Stokes, Inc., since July 2018. She stated the adoption of Resolution No. 2019-1293 and the associated maintenance plans will allow the City to better control erosion, remove trash and debris, and trim and maintain the vegetation within the City's wetlands areas.

Discussion ensued.

Monica Cervantes, representing ICF Jones & Stokes, Inc., provided information on the parameters that determine what is considered a wetland.

Mayor Jennings opened the public hearing.

PUBLIC COMMUNICATIONS

There were no public comments.

Mayor Jennings closed the public hearing.

A MOTION was made by Council Member Rains, seconded by Council Member Gennaway, to adopt Resolution No. 2019-1293, Adopting a Mitigated Negative Declaration and Associated Mitigation Monitoring and Reporting Program for the City of Laguna Niguel Wetlands Operations and Maintenance Plan, and Making Findings in Connection Therewith, and Approving the City's Wetlands Operations and Maintenance Plan.

Motion carried 4-0-1, with Council Member Minagar abstaining from voting.

Council Member Minagar returned to the dais at 7:55 p.m.

FINANCE

Finance Director Erlandson provided information as stated in the staff report. He stated that in compliance with the Laguna Niguel Municipal Code, staff requested proposals for professional auditing services. He stated that of the ten proposals received by the

City, four firms were invited to interview with the Investment, Banking and Audit Committee (IB&A). He stated it was a consensus of the IB&A that the independent accounting firm of Davis Farr, LLP (Davis Farr) was best qualified to perform the audit of the City. He stated the IB&A was particularly impressed with the firm's presentation and answers to their questions during the interview process. He stated in addition to this firm's qualifications and experience, Davis Farr is completely independent and has had no prior affiliation with the City or City management. He stated the IB&A unanimously recommends that the City Council retain the services of Davis Farr to provide the scope of work outlined in their proposal, and to provide professional auditing services to the City. He reviewed the cost of the base contract and stated the Fiscal Year 2019-20 Finance Department Operating Budget contains sufficient appropriations to cover the cost of the independent audit.

Discussion ensued.

A MOTION was made by Mayor Jennings, seconded by Mayor Pro Tem Davies, to:

- a. Select Davis Farr, LLP to perform the independent audit of the City of Laguna Niguel for Fiscal Years 2018-19, 2019-20 and 2020-21, with an option to perform the audit for two additional years;
- b. Approve the Agreement for Professional Auditing Services with Davis Farr, LLP, subject to the City Attorney making non-substantive changes, and authorize the City Manager to execute the agreement on behalf of the City; and
- c. Authorize the Mayor and Mayor Pro Tem, as representatives of the City Council, to select two additional optional procedures to be performed each year and communicating that directly to the auditors.

Motion carried 5-0.

OTHER BUSINESS/COUNCIL REPORTS

1. Council Reports

Council Member Rains invited the City Council to attend an Orange County Fire Authority (OCFA) Operations Exercise on either August 31st or September 7th at their headquarters in Irvine. She reported she would be participating in the OCFA Fire Alarm Installation Program on September 21st in the Niguel Hills area on Crown Valley Parkway. She reported she attended the 8th Annual National Night Out event at Laguna Niguel Elementary School. She reported she attended a Laguna Niguel Chamber of Commerce Governmental and Community Relations meeting where Carolyn Cavecche, President of the Orange County Taxpayers Association, gave a presentation on "Tax Impacts on Businesses."

Council Member Minagar distributed the Southern California Association of Governments (SCAG) Local Profiles Report for 2019 to the City Council. He reported he attended a SCAG meeting where members voted on the methodologies for the Regional Housing Needs Assessment (RHNA) to

determine how the public will have access to transportation and jobs. He requested that Mayor Jennings submit a letter of support to SCAG on behalf of the City.

Mayor Jennings stated he would submit a letter on behalf of the City at the appropriate time and requested that staff provide information regarding RHNA for the public.

Council Member Gennawey reported she attended an ACC-OC Legislative Committee meeting. She reported she attended Former Mayor Joe Brown's memorial services and stated he was a strong advocate for the "pork chop island" traffic safety feature. She reported she attended a presentation by District Attorney Spitzer regarding fraud in the real estate market and how to protect ourselves. She reported she enjoyed attending the Summer Concerts in the Park and thanked the Parks and Recreation Department for all their work. She thanked residents for supporting the Military Support Committee Car Wash that is coordinated to support activities for active duty military personnel and their families during deployment. She announced another Military Support Committee Car Wash on September 7th for the First Battalion Fourth Marines adopted unit. She announced the Senior Citizens Advisory Council is hosting presentations by both Cesar Covarrubias from the Kennedy Commission on "Affordable Housing and Seniors" and Chief of Police Services McDaniel on the "Take Me Home" program.

Mayor Pro Tem Davies reported she attended the 8th Annual National Night Out event at Laguna Niguel Elementary School and thanked Police Services for their work. She reported she attended the Summer Concerts in the Park and was looking forward to the City's 30th Anniversary Carnival. She reported she is working with the ACC-OC to coordinate a workshop with Carolyn Cavecche, President of the Orange County Taxpayers Association, to provide information on the tax impacts on businesses and housing.

Mayor Jennings announced he just returned from a 10-day trip to China with a political delegation consisting of members of congress, state assemblymembers, mayors and business people. He stated he would be meeting with Congressman Rouda to debrief him on his experience in China. He stated there will be a follow-up meeting to the scoping meeting on July 23rd that was hosted by the developers for the proposed Laguna Niguel City Center Project where the public will be allowed to provide input. He invited residents to attend the City's 30th Anniversary Carnival that will be held on August 16, 17 and 18, 2019, on the corner of El Lazo and Dorine.

City Manager/Department Reports

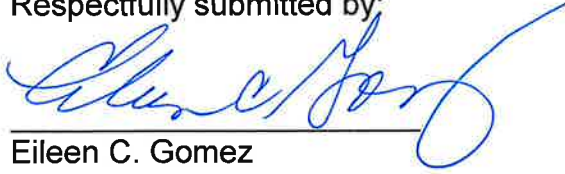
City Staff reported on various events, meetings and activities in their departments.

Mayor Jennings and the City Council presented Interim City Manager Bob Hall with a Laguna Niguel City Tile and thanked him for his work during the transition between City Managers.

ADJOURNMENT

Mayor Jennings adjourned the Regular City Council meeting at 8:44 p.m.

Respectfully submitted by:



Eileen C. Gomez
City Clerk