

City of Manhattan Beach

*1400 Highland Avenue
Manhattan Beach, CA 90266*



Meeting Minutes - Draft

Tuesday, June 21, 2016

6:00 PM

Regular Meeting

City Council Chambers

City Council Regular Meeting

*Mayor Tony D'Errico
Mayor Pro Tem David J. Lesser
Councilmember Amy Howorth
Councilmember Wayne Powell
Councilmember Mark Burton*

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A. PLEDGE TO THE FLAG

Kate Nelson led the pledge of allegiance.

B. ROLL CALL

Present: 5 - Mayor D'Errico, Mayor Pro Tem Lesser, Councilmember Howorth, Councilmember Powell and Councilmember Burton

C. CEREMONIAL CALENDAR

1. Presentation of Certificates to the Mira Costa High School Dance Team for Recognition as Three Time Division Winners and 2016 National Champions.

[16-0306](#)

PRESENT

Mayor D'Errico introduced the Mira Costa High School Dance Team Coach Victoria Brown and presented the Mira Costa High School Dance team members with certificates of recognition and challenge coins.

*Head Coach:
Victoria Brown*

Captains:

*Samantha Lonergan
Caprina Benson
Katie Sadilek*

*Co-Captain:
Emily Duong*

*Team Members:
Cami Benson
Ami Okamoto
Morgan Rysso
London Foster
Alex Middler
Shelby Friedman
Annalisa Panagaro
Sage Gill
Emma Svensson
Mackensie Banchik*

D. CERTIFICATION OF MEETING NOTICE AND AGENDA POSTING

City Clerk Liza Tamura confirmed that the meeting was properly posted.

E. APPROVAL OF AGENDA AND WAIVER OF FULL READING OF ORDINANCES

Mayor Pro Tem Lesser commented on the full agenda and inquired if other Councilmembers would be open to continuing certain items.

Councilmember Burton pulled Consent Calendar Items No. 2, No. 3 and No. 4 to be considered later in the meeting, and requested Agenda Item No. 10 be continued to a future meeting.

Councilmember Howorth indicated she wanted to consider Agenda Item No. 10 tonight. She also stated that if there is no urgency for Agenda Item No. 16 to possibly continue that item, that Agenda Item No. 18 be considered earlier in the meeting. Councilmember Howorth also suggested moving Agenda Items No. 14, No. 16 and No. 17 to a future meeting.

Councilmember Powell pulled Consent Calendar Item No. 6(a) to be considered later in the meeting.

City Manager Mark Danaj indicated that Agenda Item No. 10 is time sensitive and requires City Council action tonight.

City Attorney Quinn Barrow suggested continuing Closed Session Item I(1) and that Agenda Item No. 4 be moved to a future meeting.

After City Council discussion, Mayor D'Errico stated that Agenda Item No. 18 will be considered before Agenda Items No. 16 and No. 17; Consent Calendar Items No. 2, No. 3 will be considered later in the meeting; and Agenda Item No. 4 and the first item under Closed Session Item I(1) be continued to a future meeting.

A motion was made by Councilmember Burton, seconded by Mayor Pro Tem Lesser, to approve the agenda as amended. The motion carried by the following vote:

Aye: 5 - Lesser, Howorth, Powell, Burton and D'Errico

F. CITY COUNCIL AND COMMUNITY ORGANIZATION ANNOUNCEMENTS OF UPCOMING EVENTS (1 MINUTE PER PERSON)

Mayor D'Errico opened the floor.

Melissa McCollum from the Manhattan Beach Library provided announcements for upcoming summer events at the library.

Angie Silverman from Look Optometry indicated she was happy that agenda Agenda Item No. 18 is being considered.

Seeing no other speakers, Mayor D'Errico closed the floor.

Councilmember Powell announced that the older adult program will offer iPhone training on June 30, 2016 at 10:00 AM at the Joslyn Center.

Councilmember Howorth reminded everyone to drive carefully because of kids are out of school for the summer.

G. CITY MANAGER REPORT

City Manager Mark Danaj stated he had no report but wanted to recognize outgoing Public Works Director Tony Olmos who is leaving for the City of Brea, and thanked him for his hard work, dedication and service to the community.

City Councilmembers also expressed their appreciation and gratitude to Public Works Director Olmos for his service and congratulated him on his new position.

H. CITY ATTORNEY REPORT

City Attorney Quinn Barrow stated he had no report.

Councilmember Burton requested an update on the Manhattan Village Mall as well as litigation updates on other settlements.

I. PUBLIC COMMENTS (2 MINUTES PER PERSON FOR ONE ITEM, A MAXIMUM OF 5 MINUTES IF A SPEAKER WANTS TO COMMENT ON MORE THAN ONE ITEM)

Janet Murphy spoke out against Agenda Item No. 16 and the potential hotel site development and that the sidewalk on Parkview needs to be repaired before someone gets injured, also she believes the city is spending too much and if taxes are raised she will not shop here.

Jim Burton spoke in favor of Agenda Item No. 15 regarding the pilot sunscreen program and the need to use the correct sunscreen and complimented staff on their research, felt the process for the Downtown Specific Plan was really rushed and inquired how the project will move forward, also spoke in favor of Agenda Item No. 18 and supports the pilot program.

Coleen Corley spoke on behalf of the senior villas in opposition to Agenda Item No. 16, and stated that the land that was donated by Chevron, is subject to the Quimby Act, and stated it is a violation of California law to develop the donated land for anything other than park space.

Lynne Cochran spoke out against Agenda Item No. 16 and the proposed development of a hotel at the Parkview site and the need for more parking.

Lester Silverman spoke in favor of Agenda Item No. 18 for environmental reasons and additional benefits this pilot program will bring to Downtown.

Susan Lerner thanked Public Works Director Olmos for fixing the sinkhole on her street. Spoke about the Downtown Specific Plan and the process, and the need to revise the current moratorium for Downtown. She also spoke against Agenda Item No. 15 and expressed her support for Agenda Item No. 18.

Carol Perrin spoke about the lapse of the moratorium for Downtown and believes City Council needs to consider a new moratorium. She also spoke against Agenda Item No. 15 and her concerns of potential lawsuits from this program. She is also in favor of Agenda Item No 18 and support the pilot program.

Patrick McBride spoke about Cost Recovery and the deteriorating conditions of the Scout House. He also spoke against Agenda Item No. 16 and felt it should have been converted into a park.

Chris Gebert, Senior Vice President of Hyatt Hotels and local resident, spoke on Agenda Item No. 16 and indicated that ultimately it's up to City Council and residents on how to proceed with development of that site.

James Gill spoke about Agenda Item No. 17 and encouraged City Council to reach out to community members involved from the original Master Plan of Veterans Parkway in order to meet the needs of the community.

Mike Zisliss spoke on Agenda Item No. 16 and if City Council proceeds with a hotel on that site that City Council consider his proposal. He also urged City Council to approve Agenda Item No. 18 and is in favor of the pilot program.

Bill Victor spoke against Agenda Item No. 3 and is not in favor of hiring this consultant. He also spoke about the Downtown Specific Plan process and the associated costs, and felt it has been unsuccessful. He also spoke about issues

surrounding trash in the Downtown area.

Robert Bush spoke out against Agenda Item No. 15 and the potential for lawsuits, and talked about a prior lawsuit involving the City. He also stated he is not in favor of Agenda Item No. 16.

Julie Prophet spoke about a CIP item and presented a photo of the proposed walkway at Polliwog Park and requested City Council remove this project due to safety concerns.

Burt Fuller spoke about traffic issues on Highland in El Porto area requested that a radar speed sign be installed at that location and repair the radar speed sign on Rosecrans.

Martha Andreani spoke about the current moratorium coming up for expiration in the Downtown area and requested City Council adopt an interim ordinance on specific uses at ground level with certain prohibitions.

Will Arvezo spoke about the city website and mentioned the budget numbers need to be updated. He also spoke about when City Council takes public comment, the 80% increase in business taxes with a cap, and the increase in the City Manager's office line item budget by 269%.

Jon Chaykowski spoke about how the senior discussion group felt irrelevant to the City Council and city leadership. Spoke against Agenda Item No. 16 and the hiring of an IT Director and additional city staff.

George Kaufman expressed concern about the lapse of the moratorium for the Downtown and urged City Council to do something to address the issue.

Diane Wallace spoke out against Agenda Item No. 16 and offered a copy of a report written by a professor on the former tank farm at the location and methane levels.

Karol Wahlberg against Agenda Item No. 15 and issues surrounding the pilot program. She spoke in favor of Agenda Item No. 18 and is supportive. She expressed disappointment in the process of the Downtown development and the need to do something about the moratorium. She also spoke against Agenda Item No. 16 and how it will negatively affect the quality of life of the residents.

Ms. Wahlberg also spoke on behalf of Esther Bresbris regarding Agenda Item No. 10 and the increase in the cost of refuse bills and sought clarification. Ms. Wahlberg also read a letter from Ms. Bresbris regarding Agenda Item No. 13 and urged City Council to make changes to the current resolution to allow for additional public comment on agenda items.

Tiffany Messco spoke in favor of Agenda Item No. 18 and the benefits it will provide to the businesses downtown.

Kelly Stroman thanked City Council for considering Agenda Item No. 18 and spoke in favor of this pilot program.

Jan Dennis spoke about the Downtown Specific Plan process and would like City Council to cut their losses regarding the whole process. She also spoke against Agenda Item No. 15 and cited concerns for a potential lawsuit.

Gerry O'Connor spoke about previous budget meetings and his dissatisfaction with

the way City Council was managing their meetings. Mr. O'Conner spoke against Agenda Item No. 4 and was not in favor of amending the City Code. He also spoke on Agenda Item No. 13 and his disagreement of the current meeting management structure and how it has led to reduced public engagement.

Seeing no further speakers Mayor D'Errico closed the floor to public comment.

Mayor D'Errico requested a status update on the Downtown Specific Plan process and inquired about the delay.

Councilmember Howorth asked about addressing the Downtown Specific Plan moratorium issue even though it is not agenized for tonight's meeting and if City Council can provide direction or take action. She also clarified some of her past comments regarding the budget.

Councilmember Burton stated that City Council needs to act with urgency regarding the Downtown and inquired if it can be accomplished by the July 5 meeting.

City Attorney Quinn Barrow stated that an interim ordinance will be presented at the July 5, 2016 City Council Meeting as a way to impose use requirements and clarified that it will not be a moratorium.

Mayor Pro Tem Lesser requested staff to follow up on the radar speed signs and if the proposed pathway at Polliwog Park is a city project or a school district project.

City Manager Mark Danaj responded to Mayor Pro Tem Lesser's question.

Councilmember Powell provided follow-up on comments from prior City Council meetings, and spoke about the Downtown Specific Plan process. He encouraged City Council to revisit the project and address the initial problem, and the need to focus on one thing at a time.

The City Council recessed at 7:55 pm and reconvened at 8:03 pm with all Councilmembers present.

J. PLANNING COMMISSION QUASI-JUDICIAL DECISIONS (RECEIVE AND FILE)

None.

K. CONSENT CALENDAR (APPROVE)

Councilmember Burton pulled Agenda Items No. 2 and No. 3 to be heard later in the meeting.

Per City Attorney Quinn Barrow's previous suggestion, Agenda Item No. 4 was continued to a future meeting.

Councilmember Powell pulled Agenda Item No. 6(a) to be continued to a future meeting.

A motion was made by Mayor Pro Tem Lesser, seconded by Councilmember Powell, to approve Agenda Item Nos. 5 and No. 6(b) on Consent Calendar. The motion carried by the following vote:

Aye: 5 - Lesser, Howorth, Powell, Burton and D'Errico

2. Acceptance of Donated Real Property, APN 4138-020-002, by Chevron U.S.A. Inc. to City of Manhattan Beach (Interim Public Works Director Saenz).

[RES 16-0043](#)

APPROVE AND ADOPT RESOLUTION NO. 16-0043

This item was removed from the Consent Calendar to be heard later in the meeting.

3. Award of Contract to NexLevel Information Technology, Inc. for Enterprise Resource Planning Software Consulting Services in the amount of \$61,415 (Information Technology Director Taylor).

[CON 16-0020](#)

APPROVE

This item was removed from the Consent Calendar to be heard later in the meeting.

4. Second Reading of Ordinance No. 16-0007 Amending the Municipal Code to Provide a Process for Modifying Construction Hours Under Limited Circumstances (Community Development Director Lundstedt).

[ORD 16-0007](#)

SECOND READING AND ADOPT ORDINANCE NO. 16-0007

This item was continued to a future meeting.

5. Financial Report:
Schedules of Demands: May 26, 2016 (Finance Director Moe).

[16-0270](#)

ACCEPT REPORT AND DEMANDS

This item was approved on the Consent Calendar.

6. City Council Minutes:
This Item Contains Minutes of the following City Council Meeting:
a) City Council Regular Meeting Minutes of May 3, 2016
(Continued from the June 7, 2016 City Council Meeting). **APPROVE**
b) City Council Regular Meeting Minutes of May 17, 2016
(Continued from the June 7, 2016 City Council Meeting). **APPROVE**
c) City Council Regular Meeting Minutes of June 7, 2016
CONTINUE TO THE JULY 5, 2016 CITY COUNCIL MEETING
(City Clerk Tamura).

[16-0307](#)

APPROVE

Agenda Item No. 6(a) was continued to the next City Council Meeting.
Agenda Item No. 6(b) was approved on the Consent Calendar.

L. PUBLIC HEARINGS (2 MINUTES PER PERSON)

City Attorney Quinn Barrow stated Agenda Item No. 7 will be heard as a separate Public Hearing, Agenda Items No. 8 and No. 9 will be heard concurrently as one Public Hearing, and Agenda Item No. 10 will be heard as a separate Public Hearing.

7. Conduct Public Hearing Regarding Resolution No. 16-0034 to Consider the Fiscal Years 2017-2021 Capital Improvement Plan (Public Works Director Olmos).

[RES 16-0034](#)

CONDUCT PUBLIC HEARING; ADOPT RESOLUTION NO. 16-0034

Public Works Director Olmos thanked City Council and community and is humbled by their comments.

Public Works Director Olmos provided the presentation on the Fiscal Year 2017-2021 Capital Improvement Plan and provided updates on some of the major projects including the Parkview sidewalk, the Skate Park, the pathway at Polliwog Park, and the radar speed signs.

Mayor D'Errico opened the floor to public comment at 8:10 pm.

Gary Osterhout commented that the City is misusing Measure R Funds and can't support the current Transportation Funds and the need for an evaluation. He also stated he does not support the electric shuttle pilot program because the budget process should be used to meet the needs of the community.

Gerry O'Connor spoke about the funding mechanisms for Capital Improvement Plan budget and how the current process does not really fund the Capital Improvement Plan projects. He also spoke about a facility strategic plan that was conducted, how it has been shelved, and that the City needs to "skim money" from its budget every year in order to fund Capital Improvement Plan projects.

Seeing no further speakers Mayor D'Errico closed the floor to public comment.

City Council discussed the following: request that the middle school bike path at Polliwog Park be removed from the Capital Improvement Plan list, request to remove the Strand bikeway path under the pier project, making one unified motion and have a discussion on the issues, and the Parkview sidewalk and the request to see this project as a separate line item.

Councilmember Powell made a motion to approve the Fiscal Years 2017-2021 Capital Improvements Plan with the direction to show the Parkview sidewalk replacement as a separate line item.

Mayor Pro Tem Lesser seconded motion.

Councilmember Burton commented on the appropriations for remodels of City Hall in conjunction with the three new building projects, and stated he was not in favor of constructing a new City Hall if moving forward with all the proposed remodels. He also introduced a friendly amendment for more information regarding the bike path project.

Councilmember Powell accepted the friendly amendment.

A motion was made by Councilmember Powell, seconded by Mayor Pro Tem Lesser, that this item be approved. The motion carried by the following vote:

Aye: 5 - Lesser, Howorth, Powell, Burton and D'Errico

8. Conduct Public Hearing Regarding the Adoption/Approval of Fiscal Year 2016-2017/2017-2018 Operating Budget (Finance Director Moe).

[RES 16-0035](#)

CONDUCT PUBLIC HEARING, ADOPT RESOLUTION NO. 16-0035

AGENDA ITEMS NO. 8 AND NO. 9 WERE HEARD CONCURRENTLY.

Finance Director Moe provided the presentation on the Fiscal Year 2016-2017/2017-2018 Operating Budget as well as establishing the Gann Appropriations Limit for Fiscal Year 2016-2017. Finance Director Moe pointed out the two minor modifications regarding the Beach Cities Transit funding and a carry forward of tennis court money for resurfacing purposes. He also reiterated that City Council would be adopting the first year budget now and approving the second year budget; and that the second year budget will return for City Council consideration next year with modifications and will be subject to approval at that time. He indicated that this new process will allow for a more in-depth analysis of the Capital Improvements Plan budget. Finance Director Moe also thanked his staff for their hard work putting the budget together.

Councilmember Powell inquired about Beach Cities Transit Funding and how it was originally seed money and expressed concern this item is in the budget at the 11th hour for two years. He is worried this will conflict with Measure R Funding for the Older Adults program and is not supportive in adding this additional funding.

Finance Director Moe responded to Councilmember Powell's question.

Mayor D'Errico opened the floor to public comment.

Gary Osterhout spoke about the budget and budget process, and it being built on false assumptions and a lack of analysis. He commented on the incredible expansion over the past two years and none has taken a step back to conduct a real analysis on this.

Jan Dennis spoke about the recent budget process and over 56 years has never seen such a spending spree. She stated the City needs to stop hiring more staff and look at job functions that are overlapping or being duplicated. She believes there are too many employees in relation to the City's dwindling population.

Patrick McBride commented on how complicated the budget process is and the new two year process makes things more complicated. He also expressed concerns for hidden costs such as staff salaries, and he is also concerned with the Information Technology department and its growth.

Bill Victor spoke about how confusing the figures were in the budget and was worried about empire building. He spoke against several of the proposed positions and the size of the staff in the Information Technology department, and stated the City has a pension problem and suggested there should be a freeze.

Will Arveza claimed the budget was not balanced based on the unfunded pension liabilities. He also noted the estimated \$80 million in infrastructure needs that are unfunded. He also expressed concern with hiring additional staff even though the City has not grown. He spoke about the proposed \$500,000 into a pension stabilization fund and how it will not equal even 10% of the unfunded liability.

Martha Andreani stated that the answer to fulfilling funds is not to hire additional staff. She was also in agreement that staffing costs are spiraling out of control. She urged

the City Council to pay attention to the Capital Improvements Plan budget and other infrastructure needs as those should be the highest of priorities. She spoke about an incident regarding a water main break and need to be familiar with the City's infrastructure.

Gerry O'Conner spoke about the budget and City Council's approach and stated it should have been a top down approach but instead was a bottom up look. He also stated that there is no need for new revenues, and the City does not have a revenue problem but a spending problem. He spoke against add additional personnel and the need for a cap on total compensation for the City Manager. He also suggested City Council consider a month to month budget similar to the federal government.

Seeing no further speakers Mayor D'Errico closed the floor to public comment.

City Manager Danaj and Finance Director Moe responded to City Council questions..

Mayor D'Errico provided his explanation on why he was not supporting the proposed budget. First, he is not in agreement with a budget that has money assumed in revenue streams which must go to public hearings, and vote by Council and election, it's presumptive. Second, he stated the City has escalated spending every year where spending equals revenue. He noted a \$19 million dollar increase in spending over a short six year period of time. He pined why the City is not taking some of this increased revenue and allocating it to fund major infrastructure rehabilitation. Third, personnel costs, pension liabilities, salaries and salary ranges are escalating. He noted the comparison to other cities and stated the City is at the top regarding salaries, and felt this was due to differing opinions on management philosophy, but is no way a reflection on city staff. Lastly, he stated all the responsibility tonight is on City Council, the employees did not cause this and it's City Council's job to fix it, not theirs.

Councilmember Powell thanked the public for attending the meetings and providing input, and staff for their time. He spoke about some of the changes implemented from the past meeting including the \$500,000 into a pension stabilization fund, implementing a storm water funding mechanism, and the proposal to put a cap on head count; however, he felt this could be achieved through attrition and not layoffs. He called for tightening of our belts, and just because property taxes increase doesn't mean the City should see the need to spend it all. One of his biggest concerns is the unfunded pension liabilities the City is facing. He stated there is a problem with the CalPERS discount rate that they use and it's not realistic. He talked about the proposed cap on head count and when he looks at the head count over the years he can see the increase, but there is the issue of having part-time employees who leave to seek full-time positions elsewhere. He spoke about replacing the two part-time, benefited positions with one full-time benefited positions and there is a net zero increase. He reiterated he has always had an issue with the spiraling increases in salaries and compensation. He suggested maybe now is a good time to do an efficiency study. He stated he was initially concerned with a two year budget process but the second year is not set in concrete and urged City Council that they need to be good, prudent stewards of public's money. Councilmember Powell stated his recommendation is that capping head count deserves serious consideration, but with no layoffs, no salary reductions and the need to look at the programs and increases in the City's property taxes to pay for infrastructure. He stated that the revenue enhancements mentioned in the budget is actually going out to taxpayers and asking for an increase in sales tax, and or a bond, and cannot in good conscious support that. Councilmember Powell also had additional concerns with other proposed revenue streams in the budget. He stated that going forward, in the year two budget, City Council needs to provide more funding for infrastructure and unfunded pension

liabilities.

Councilmember Burton was in agreement with the Mayor's comments and stated that the buck stops here. He noted past legacy councils from City and how they were fiscally prudent, exercised sound judgment, and were frugal. He stated the City Council needs to honor the public trust and their money. He noted the votes to increase the number of employees and salary amounts since 2013. He also spoke about staff compensation and stated that it is not about performance, it's about the numbers. Councilmember Burton spoke further about his reasons for not supporting this budget. He suggested keeping this a status quo budget until the mid-year review and then look at making changes at that point in time.

Councilmember Howorth indicated there were some things she disagreed with, particularly that there is a recession looming. She stated she does not mind being fiscally conservative, but she does not believe there is a recession is on the horizon. She talked about funding storm water in past budget and how Finance Director Moe has done an excellent job with the City's finances, and is in general disagreement with some of the comments that have been made tonight. Councilmember Howorth spoke about the growth of the Information Technology department and the need for it. She commented on how things have changed, not necessarily population or size, but how the City has become a much more complex city over the years. She also stated that to vote no on a budget is not being responsible. She also talked about unfunded pension liabilities and how the proposed hiring of two additional police officers would add to that. Councilmember Howorth was not in favor of hiring two additional police officers at this point.

Councilmember Burton made a motion to direct city staff to prepare a status quo budget for the Fiscal Year 16-17 and report back mid-year on salary ranges for management confidential. In addition, direct the City Manager to conduct an increased productivity report in regards to the 9/80 program, and would like to see if there were any productivity increases.

Mayor D'Errico seconded the motion.

Mayor Pro Tem Lesser indicated he was not in support of this motion and expressed frustration with the whole budget process over the past few months. He pointed out that City Council has had multiple meetings on the budget and that if there were problems with spending that was the time to discuss that, when those allocations were authorized. He stated there has been false assertions about the budget and a manufactured crisis, and is hoping for a modest substitute motion. Mayor Pro Tem Lesser stated he was supportive of adding two police officers due to anticipated vacancies in the Police department, he expressed his support for authorizing the Older Adult Coordinator position, he is supportive of the administrative position for the Neighborhood Watch program, and the conversion of the Management Fellow position to a Management Analyst, and he is also supportive of the administrative position for the Community Development department. Mayor Pro Tem Lesser stated he likes the notion of allocating \$500,000 into both the proposed pension stabilization fund and storm water funding, and is also in favor of the sequestration of funds for a year end surplus fund, and is also supportive of the proposed cap on head count.

Mayor D'Errico indicated he had several friendly amendments to the motion presented by Councilmember Burton. Mayor D'Errico suggested not approving adding any money which would increase salary ranges until City Council has had a chance in 3-6 months to address those issues and return with revised management confidential salary and ranges, the deferred compensation issue, setting aside substantial money to deal with aging infrastructure needs and the removal of the

assumed revenues in the budget. He stated that the objective here is not to penalize our employees by not reducing existing employees' compensation but finding solutions going forward.

Councilmember Burton accepted all of Mayor D'Errico's friendly amendments.

Councilmember Howorth presented a substitute motion to approve the budget with the authorization of the following positions including the Older Adult Coordinator, the Neighborhood Watch support position, the conversion of the Management Fellow position to Management Analyst at a zero net cost, and at this time to not approve the position for Community Development, to discuss a head count cap for full-time employees, and conduct a future discussion about salary compensation in 6 months. She stated that this motion with these actions would set up the City Council to have an in-depth discuss for the following year.

Councilmember Powell indicated he would second the substitute motion introduced by Councilmember Howorth with the inclusion of one friendly amendment.

Mayor D'Errico inquired if Councilmember Howorth's substitute motion included the 2 percent Cost of Living Adjustment increase and not an increase in the salary ranges for Management Confidential.

City Manager Mark Danaj also provided additional clarification regarding the 2 percent Cost of Living Adjustment and the salary ranges for Management Confidential.

Councilmember Howorth indicated she would put a hold on the 2 percent increase, which was not included in her original motion.

Councilmember Powell introduced his friendly amendment, and that the City should not have a status quo budget for 6 months, and amend the motion so that within 6 months City Council will review year 2 of the budget, particularly the structural deficit for the two funds. He also commented that when it comes time for mid-year review, or between then and now, to take a serious look at all these measures and address all things being proposed.

Mayor Pro Tem Lesser sought confirmation that Councilmember Howorth's substitute motion included the \$500,000 for an irrevocable pension trust.

Councilmember Powell also reiterated that his substitute motion includes the sequestration of funds.

Mayor Pro Tem Lesser sought further clarification that the substitute motion includes a 2.23% Cost of Living Adjustment increase for Management Confidential employees.

Councilmember Howorth stated that her motion includes a 2.23% merit increase but not a 2% increase in salary ranges for Management Confidential.

City Manager Mark Danaj reminded City Council that there are two separate items for consideration. He reiterated that City Council may authorize a move in the salary ranges, or that City Council may authorize a 2.23% merit pool for Management Confidential employees.

City Council budget discussions continued including: the two set asides for \$500,000 for the pension stabilization fund and for Capital Improvement fund, the funds and transfer amounts to allocate to the future Capital Improvement projects, the actual

amount of money being reduced from the general fund, the remaining sequestered funds and if those can be used, a hard cap on the head count, cutting contract services, and the intent not to have layoffs.

Councilmember Howorth indicated she would include a cap on head count at 295 in her motion.

Councilmember Powell approved and seconded the cap on head count at 295, but indicated that he originally thought spending was being reduced by \$1 million in Fiscal Year 16-17. He suggested that the \$1 million goal be set for year two, and that it come out of operating revenue totals. He stated that this could be accomplished by the end of the year by bringing the additional \$500,000 out of operating expenses.

City Attorney Quinn Barrow restated the substitute motion introduced by Councilmember Howorth that the substitute motion is to approve the two year operating budget, with the authorization of 3 positions including the Older Adult Coordinator, the Administrative Clerk for the Police department's Neighborhood Watch program, the conversion of the Management Fellow position to Management Analyst, a cap on head count set at 295 employees, the authorization of a 2.23% merit pool for Management Confidential, a freeze on salary ranges for Management Confidential, and a \$500,000 allocation for both Capital Improvement projects and a irrevocable pension stabilization fund.

City Manager Mark Danaj asked for clarification that in year two the \$500,000 surplus would be dedicated for infrastructure needs.

Councilmember Powell stated that he would like any additional funds that are sequestered to be added to the infrastructure, Capital Improvement projects and not taken out of the General Fund. He stated that is should be considered as a built in expenditure in year two of the budget.

Mayor D'Errico commented that the difference to him is that if the money was for an employee, there would be no way to get that money back. He stated that if the amount is not there, where would City Council take additional funds from.

Councilmember Burton commented that he applauds his colleagues but he won't be supporting this budget. He stated that the City Council is making a small step and heading in the right direction.

City Attorney Quinn Barrow recited the motion to adopt Resolution No. 16-0035 the Fiscal Year 2016-2017 operating budget, and approving the Fiscal Year 2017 – 2018 operating budget, as amended by the motion with three additional positions the Older Adult position, the Neighborhood Watch position, the conversion of the Management Fellow to Management Analyst, a head count cap on employees set at 295, authorize a 2.2% merit pool, a freeze on salary ranges for Management Confidential, include a \$500,000 allocation for Capital Improvement projects, and a \$500,000 allocation for a pension stabilization fund. Including Councilmember Powell's friendly amendment that an additional \$500,000 be dedicated to Capital Improvement projects in year two coming out of expenditures.

A motion was made by Councilmember Howorth, seconded by Councilmember Powell, to adopt Resolution No. 16-0035 Adopting the Fiscal Year 2016-2017 Operating Budget, and Approving the Fiscal Year 2017 – 2018 Operating Budget, with the Authorization of three positions including the Older Adult Coordinator, the Administrative Clerk for the Police department's Neighborhood Watch program, the Conversion of the Management Fellow position to Management Analyst, a Cap On Head Count Set at 295 Employees,

the Authorization of a 2.2% Merit Pool for Management Confidential, a Freeze on Salary Ranges for Management Confidential, and a \$500,000 Allocation for a Pension Stabilization Fund. Including Councilmember Powell's Friendly Amendment for an Additional \$500,000 to be Dedicated to Capital Improvement Projects in Year Two Coming Out of Expenditures. The motion carried by the following vote:

Aye: 3 - Lesser, Howorth and Powell

Nay: 2 - Burton and D'Errico

9. Conduct Public Hearing to Consider Resolution No. 16-0036
Establishing the Gann Appropriations Limit for the Fiscal Year
2016-2017 (Finance Director Moe).

[RES 16-0036](#)

**CONDUCT PUBLIC HEARING; ADOPT RESOLUTION NO. 16-0036
AS PART OF THE OPERATING BUDGET**

AGENDA ITEM NO. 9 WAS HEARD CONCURRENTLY WITH AGENDA ITEM NO. 8.

A motion was made by Councilmember Powell, seconded by Councilmember Howorth, to Adopt Resolution 16-0036 Establishing the Gann Appropriations Limit for the Fiscal Year 2016-2017. The motion carried by the following vote:

Aye: 5 - Lesser, Howorth, Powell, Burton and D'Errico

10. Conduct Public Hearing to Consider Resolution No. 16-0037 Adopting the Fiscal Year 2016-17 to Fiscal Year 2018-2019 Citywide Cost Recovery Fees (Finance Director Moe).

[RES 16-0037](#)

CONDUCT PUBLIC HEARING; ADOPT

Councilmember Burton made a motion to continue Agenda Item No. 10 to a future meeting.

Further discussion ensued among City Council on whether or not to defer the item to a future meeting.

Councilmember Howorth suggested continuing the item to a future public hearing, and then revisit the item for further discussion at another City Council meeting and possible adoption at that time.

City Attorney Barrow suggested opening the public hearing and continuing the item to the July 5 meeting.

There was discussion amongst City Council regarding continuing the item. Councilmember Howorth clarified her motion to continue the public hearing to the next City Council meeting, remove the recommendation to adopt the resolution, and then consider the item at the next regularly scheduled City Council meeting to consider adoption.

There was further discussion among City Council and City Attorney Quinn Barrow on how to continue the item as a public hearing. A Councilmember suggested conducting a study session on July 5, 2016, regarding the agenda item.

City Attorney Quinn Barrow then stated that City Council does not need to open the public hearing tonight and at the next City Council meeting on July 5, 2016, City Council can consider the item and have public discussion on the agenda item at that time.

A motion was made by Councilmember Burton, seconded by Councilmember Powell, that this item be continued. The motion carried by the following vote:

Aye: 5 - Lesser, Howorth, Powell, Burton and D'Errico

Mayor Pro Tem Lesser inquired given the late hour under the current Meeting Management Rules that the City Council meeting must end by 10:30 PM. He inquired if City Council has ability to extend this meeting after 10:30 PM.

City Attorney Quinn Barrow answered yes with a 4/5 vote by the City Council.

Mayor D'Errico asked his fellow Councilmembers if they were in favor of extending the meeting and which other agenda items should be considered tonight.

Councilmember Howorth made a motion to address all the remaining agenda items and tonight's meeting.

Councilmember Burton introduced a friendly amendment to have a hard stop time at 12:00 AM.

Councilmember Powell offered an additional amendment to have a reevaluation at 12:00 AM at which time City Council should consider extending the meeting to 12:30 AM.

A motion was made by Councilmember Howorth, seconded by Councilmember Powell, to extend the City Council meeting until 12:00AM at which time the City Council will reevaluate their progress and possibly continue the meeting until 12:30AM. The motion carried by the following vote:

Aye: 5 - Lesser, Howorth, Powell, Burton and D'Errico

- 11. Conduct Public Hearing Regarding Annual Levy and Collection of Street Lighting and Landscaping District Maintenance Assessments for Fiscal Year 2016-2017 (Finance Director Moe).**

[RES 16-0019](#)

CONDUCT PUBLIC HEARING, ADOPT RESOLUTION NO. 16-0019

Controller Henry Mitzner provided the presentation on the item.

Mayor D'Errico opened floor to public comment at 10:31PM.

Bill Victor asked for confirmation that there would be no increase in fees based off this proposal.

Seeing no further speakers Mayor D'Errico closed the floor to public comment at 10:32PM.

Controller Henry Mitzner responded to City Council questions stating that there would be no increase in fees.

Councilmember Burton made a motion to adopt Resolution No. 16-0019 regarding the annual levy and collection of street lighting and landscaping district maintenance assessment for Fiscal Year 2016-2017.

A motion was made by Councilmember Burton, seconded by Mayor Pro Tem Lesser, that this item be adopted. The motion carried by the following vote:

Aye: 5 - Lesser, Howorth, Powell, Burton and D'Errico

M. OLD BUSINESS

12. Appointment of Seat No. 5 of the Parks and Recreation Commission (Commissioner Thomas Allard) (City Clerk Tamura).

[16-0277](#)

**CONTINUE (DUE TO SCHEDULING CONFLICTS, THIS ITEM IS
BEING CONTINUED TO THE JULY 5, 2016, REGULAR CITY
COUNCIL MEETING)**

Mayor D'Errico introduced the item.

City Clerk Liza Tamura explained the need to continue this agenda item to a future City Council meeting.

Mayor D'Errico indicated by order of the chair that this item be continued.

By order of the chair this item was continued.

13. Council Consideration of Meeting Management Rules (Continued from the June 7, 2016 City Council Regular Meeting under "City Council Reports") (Mayor D'Errico).

[16-0305](#)

DISCUSS AND PROVIDE DIRECTION

Mayor D'Errico opened up the agenda item to City Council comments.

Councilmember Burton made a motion to change the meeting management rules so that the public can comment at speakers option at the beginning of the meeting or at the time the item is heard, and change time limits to 3 minutes per item for a maximum of 6 minutes per person and change the hard stop time to 11:00 PM, and accept the friendly amendment to 11:30PM.

Councilmember Powell seconded the motion.

Councilmember Burton explained that the initial reasoning for these meeting management rules was due to certain number of problems, however, after meeting with various stakeholders it has become clear we needed to address these concerns.

Councilmember Powell commented on how he was opposed to the original meeting management rules, but he supports this motion which allows for more time for members of the public to speak. Councilmember Powell also wanted clarification that these new rules will not limit additional public comment on quasi-judicial items.

City Attorney Quinn Barrow responded to City Council questions and confirmed that it will not.

Councilmember Howorth thanked Councilmember Burton for bringing this issue forward and providing these new modifications.

Mayor Pro Tem Lesser is also in favor of these modifications and appreciative of the new direction. Mayor Pro Tem Lesser commented that he did have one issue regarding the "Consent Calendar" and commented on how City Council is using the "Approval of the Agenda" section to pull items. He suggested that City Council should pull items at the time of "Consent Calendar" instead of "Approval of Agenda."

Councilmember Burton stated he would accept Mayor Pro Tem Lesser's friendly amendment. Councilmember Burton also commented that he was supportive of making the hard stop at 11:30PM.

Mayor D'Errico commented on how the new proposed meeting management rules were the best of both worlds, how it will increase public engagement and provided additional comments in support of the revised meeting management rules.

A motion was made by Councilmember Burton, seconded by Councilmember Powell, to revise the meeting management rules to allow speakers the option at the beginning of the meeting or at the time the agenda item is heard for public comment, revise public comment time limits to 3 minutes per item for a maximum of 6 minutes, and change the hard stop time for City Council meetings to 11:30 PM. The motion carried by the following vote:

Aye: 5 - Lesser, Howorth, Powell, Burton and D'Errico

14. Six Month Update on Pedestrian Safety at the Bike Path in the Area of the Pier (Police Chief Irvine).

[16-0162](#)

RECEIVE UPDATE

City Manager Mark Danaj asked City Council for direction on the remaining agenda items, if they would prefer having a presentation or proceeding directly to questions, given the late hour.

Mayor D'Errico stated he would like to have a presentation if it can be accomplished in 3 minutes.

Police Chief Eve Irvine provided a brief presentation on the item.

Police Chief Irvine and Public Works Director Tony Olmos responded to City Council questions.

Mayor Pro Tem Lesser inquired about the pier bollards and when they were going to be installed.

Public Works Director Olmos stated the goal was Memorial Day but city workers encountered utilities under the cement which complicated the installation, and Public Works is anticipating having the bollards installed by next summer or the earlier part of next year. Public Works Director Olmos also stated they are looking at decorative bollards.

Councilmember Powell asked if it is possible to paint on the pavement that notifies the public there is a pedestrian crossing.

Public Works Director Tony Olmos confirmed.

Councilmember Burton asked city staff to look at Redondo Beach's model on a walk zone only on their pier, and asked if Police Chief Eve Irvine could reach out to them for more information.

Mayor D'Errico stated by order of the chair the report was received.

By order of the chair this item was received.

15. Pilot Sunscreen Dispenser Program Recommended by the Parks and Recreation Commission (Parks and Recreation Director Leyman).

[16-0147](#)

DISCUSS AND PROVIDE DIRECTION

Parks and Recreation Director Mark Leyman provided a brief update regarding the pilot program.

City Attorney Quinn Barrow and Parks and Recreation Director Leyman responded to City Council questions.

City Council expressed concerns regarding permanent funding, potential risk management issues, possibly exposing the City to liability and the commercialization of the beach.

After lengthy discussion the City Council commended Commissioner Janet Jones for bringing this proposal forward and thanked the Commission for their efforts. The City Council also suggested a future Manhappenings newsletter to highlight the importance of wearing sun screen and a hat.

A motion was made by Councilmember Howorth, seconded by Councilmember Burton, to not authorize the Pilot Sunscreen Dispenser program. The motion carried by the following vote:

Aye: 5 - Lesser, Howorth, Powell, Burton and D'Errico

N. NEW BUSINESS

Mayor D'Errico reminded the public that at the beginning of the meeting, the City Council moved Agenda Item No. 18 to be heard as the first item under New Business.

18. Possible Pilot Program for an Ad-Supported Electric Vehicle Shuttle Service within Manhattan Beach (Economic Vitality Manager Sywak).

[16-0273](#)

PROVIDE DIRECTION

Economic Vital Manager Andy Sywak provided the staff presentation.

City Manager Mark Danaj, City Attorney Quinn Barrow and Economic Vitality Manager Andy Sywak responded to City Council questions.

City Council discussion included: what criteria was going to be used by staff to decide when choosing between the two proposed vendors, the advertising on the side of the vehicles and if the City has the ability to restrict the types of advertising, how this program would supplement Lyft and Uber and other rideshare programs, the cost of the pilot program and the length of the pilot program, if enough data could be gathered in 6 months, and if City Council could get an interim update on whether or not to move forward with a city-wide expansion and how many parking spaces this program would eliminate the need for in Downtown.

Councilmember Burton made a motion to support the neighborhood electric vehicle pilot program for ad-supported shuttle service, and authorize the City Manager to evaluate the proposals and select a vendor, negotiate just compensation for the use of Metlox garage, authorize the City Manager to examine if charging stations require an amendment to City's master use permit and coastal permit, operate for a 6 month trial period, and operate no later than 11:00 PM at night.

Councilmember Burton added to his motion to direct the City Manager to research if Measure R Funds could be used to sponsor a City run electric vehicle program and to report back at the end of the 6 month pilot program to provide City Council with more options.

Councilmember Powell accepted the friendly amendment and seconded the motion.

Mayor Pro Tem Lesser is supportive of this pilot program and would like to see this expand to east Manhattan Beach, but is concerned about the advertising aspect of the program.

City Attorney Quinn Barrow reiterated the stipulations directed by City Council and the authority delegated to the City Manager proceed with the program.

A motion was made by Councilmember Burton, seconded by Councilmember Powell, to support the neighborhood electric vehicle pilot program for ad-supported shuttle service, authorize the City Manager to evaluate the proposals and select a vendor, negotiate just compensation for the use of Metlox garage, authorize the City Manager to examine if charging stations require an amendment to the City's master use permit and coastal permit, operate for a 6 month trial period, operate no later than 11:00 PM at night, and to direct the City Manager to research if Measure R Funds could be used to sponsor a City run electric vehicle program and to report back at the end of the 6 month pilot program to provide City Council with more options. The motion carried by the following vote:

Aye: 5 - Lesser, Howarth, Powell, Burton and D'Errico

The meeting recessed at 11:25 PM.

The meeting reconvened at 11:34 PM with Councilmember Howorth absent. The City Council decided to consider Agenda Item No. 17 before Agenda Item No. 16.

17. Veterans Parkway Preliminary Design Presentation (Public Works Director Olmos).

[16-0172](#)

RECEIVE REPORT AND PROVIDE DIRECTION

This item was taken out of order and heard before Agenda Item No. 16.

Public Works Director Tony Olmos provided the staff presentation on the agenda item.

David Volz, David Volz Designs, provided additional presentation and background information on the project.

Councilmember Howorth arrived in Council Chambers at 11:39 PM

City Manager Mark Danaj, Public Works Director Tony Olmos and Contractor David Volz responded to City Council questions.

Mayor Pro Tem Lesser made a motion to receive the report, direct staff to return as soon as practicable with better renderings and more specifics regarding the Veterans Memorial at 15th Street, and the types of rocks proposed for better visualization with the goal of having them fit in naturally and not impeding the trail.

Councilmember Powell second.

Mayor Pro Tem Lesser asked for a possible time line for this item to return to City Council.

Public Works Director Tony Olmos stated that staff could possibly return by second meeting in July or early part of August with the new renderings.

A motion was made by Mayor Pro Tem Lesser, seconded by Councilmember Powell, to receive the report, direct staff to return as soon as practicable with better renderings and more specifics regarding the Veterans Memorial at 15th Street, and the types of rocks proposed for better visualization with the goal of having them fit in naturally and not impeding the trail. The motion carried by the following vote:

Aye: 5 - Lesser, Howorth, Powell, Burton and D'Errico

16. Review Alternative Uses for Site and Draft for Request for Proposal for Hotel Developer at Parkview Site (Finance Director Moe).

[16-0284](#)

PROVIDE DIRECTION

This item was taken out of order and heard after Agenda Item No. 17.

Councilmember Howorth proposed moving this agenda item to another meeting to allow for more public input on the item.

Councilmember Burton made a motion to continue this agenda item to the first item under Old Business at the July 5, 2016, Regular City Council meeting.

A motion was made by Councilmember Burton, seconded by Councilmember Powell, that this item be continued to the first item under Old Business at the July 5, 2016, Regular City Council meeting. The motion carried by the following vote:

Aye: 5 - Lesser, Howorth, Powell, Burton and D'Errico

O. CITY COUNCIL REPORTS, OTHER COUNCIL BUSINESS, AND COMMITTEE AND TRAVEL REPORTS

None.

P. FORECAST AGENDA AND FUTURE DISCUSSION ITEMS

**19. Agenda Forecast (City Clerk Tamura).
DISCUSS AND PROVIDE DIRECTION**

[16-0308](#)

Councilmember Powell inquired about the July 19, 2016, meeting regarding the Beach Cities Transit item, and requested for them to come back with presentation and business plan on how they are going to cut their losses and reduce the City's subsidy. Councilmember Powell stated he wanted to them to return to City Council and provide an explanation as an agenda item.

Councilmember Burton supports Councilmember Powell's suggestion.

City Attorney Quinn Barrow reminded City Council that they wanted to discuss the proposed ordinance for the Downtown Specific Plan. City Attorney Quinn Barrow also advised Mayor D'Errico that he should recuse himself from the discussion based on the last letter received from the FPPC.

Mayor D'Errico recused himself from the meeting and left the dais at 12:00AM.

Mayor Pro Tem Lesser inquired with other Councilmembers if the consensus was for staff to return at the next meeting with various options for City Council consideration regarding Downtown in light of the expiration of the moratorium.

Councilmember Burton confirmed.

City Attorney Quinn Barrow responded to City Council questions stating that it will return as an interim ordinance and require a use permit for certain uses of the first floor and other various options will also be presented to City Council for consideration.

There was consensus from all City Councilmembers to direct staff to return at next meeting with the interim ordinance and various options.

Mayor D'Errico returned to the dais at 12:02AM.

Q. INFORMATIONAL ITEMS

None.

R. CLOSED SESSION

**I. ANNOUNCEMENT IN OPEN SESSION OF ITEMS TO BE DISCUSSED IN
CLOSED SESSION**

At 12:02AM City Attorney Quinn Barrow read the title of Agenda Item No. I(2).

1.) CONFERENCE WITH LEGAL COUNSEL (EXISTING LITIGATION)

Government Code Section 54956.9(d)(1)

Name of Case: City of Manhattan Beach v. Swinerton

Los Angeles County Superior Court, Case Number: YC 07056

This Agenda Item was continued to a future meeting.

2.) CONFERENCE WITH PROPERTY NEGOTIATORS

(Government Code Section 54956.8)

Property: 1401 11th Street

City Negotiator: City Manager

Negotiating Party: Derrick Levy (Property Owner)

Under Negotiation: Price and terms of payment

II. RECESS INTO CLOSED SESSION

III. RECONVENE INTO OPEN SESSION

IV. CLOSED SESSION ANNOUNCEMENT IN OPEN SESSION

The City Council reconvened into Open Session at 12:15AM.

City Attorney Barrow stated that by a 4-1 vote, with Mayor Pro Tem Lesser dissenting, direction was given to its negotiators and no other reportable action was taken.

Mayor D'Errico announced that by order of the chair Agenda Item's No. 2, Item No. 3, and Item No. 6 (a) would be continued to the next City Council meeting.

S. ADJOURNMENT

The meeting was adjourned at 12:16AM.

Matthew Cuevas
Recording Secretary

Tony D'Errico
Mayor

ATTEST:

Liza Tamura
City Clerk