City of Manhattan Beach

1400 Highland Avenue
Manhattan Beach, CA 90266

Meeting Minutes

Tuesday, October 15, 2013

6:00 PM

Regular Meeting - City Council Chambers

4:00 PM Special City Council Meeting - Closed Session

4:30 PM Adjourned Regular City Council Meeting - Closed Session

City Council

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

A. PLEDGE TO THE FLAG

Finance Director Bruce Moe led the Pledge of Allegiance.

B. ROLL CALL

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

C. CERTIFICATION OF MEETING NOTICE AND AGENDA POSTING

City Clerk Tamura confirmed that the meeting was properly posted.

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

The agenda and waiver of full reading of ordinances was approved.

Mayor Lesser reported that the structure of the agenda has been modified pursuant to prior City Council direction.

E. CEREMONIAL CALENDAR

1. Presentations of Proclamations to the Manhattan Beach Soroptimist International Organization Recognizing October 2013 as Breast Cancer Awareness Month and November 2013 as Domestic Violence Prevention Month.
PRESENT

Attachments: Breast Cancer-Domestic Violence Month

Mayor Lesser, on behalf of the City Council, presented proclamations to the Manhattan Beach Soroptimist International Organization in recognition of October 2013, as Breast Cancer Awareness Month and November 2013, as Domestic Violence Prevention Month.

2. Presentation of a Proclamation to Manhattan Beach Rotary International Recognizing October 24, 2013, as World Polio Day.
PRESENT

Attachments: 2013 World Polio Day

Mayor Lesser, on behalf of the City Council, presented a proclamation to Manhattan Beach Rotary International in recognition of October 24, 2013, as World Polio Day.

F. CITY MANAGER REPORT

City Manager Carmany reported that the City has begun sending letters to businesses regarding a new Polystyrene ordinance and that enforcement will begin in April, 2014. He addressed a grant program available through the Metropolitan Water District for residents to remove their turf lawns and replace them with water-smart plants. The City is moving forward with installing Electric Vehicle charging stations at *the Public Works Yard and in Parking Lot 4. He added that grant funds are available for the project to cover 50% of the costs. He stated that progress is being made regarding Southern California Edison issues and addressed upcoming City events noting that additional information is available on the City's website.*

G. CITY ATTORNEY REPORT

City Attorney Quinn Barrow reported that early this evening, City Council met in Closed Session to discuss items identified on the agenda regarding pending litigation and City Council gave direction to Special Counsel. City Attorney Barrow referenced a brief discussion at the last City Council meeting regarding the unauthorized use of the Mayor's photo and the City's logo on an outside website. City Attorney Barrow stated the matter is scheduled to be addressed at the City Council meeting of December 3, 2013. Staff has been in contact with that organization and they have promised to remove the photo this week.

H. CITY COUNCIL ANNOUNCEMENTS AND REPORTS

Councilmember Powell announced a Community Emergency Response Training class from Friday, October 18, 2013 to Sunday, October 20, 2013. In addition, on Thursday, October 17, 2013, the Great American Shake-Out will take place comprised of a training exercise to help people be prepared in cases of earthquakes. Councilmember Powell also reported that the Dine-and-Discover program is still in effect which provides free lunches for adults 55 years and older and will take place on Thursday, October 17, 2013. The topic will be, "Changes to Medicare in 2014".

Mayor Pro Tem Howorth commented on October as Breast Cancer Awareness Month and Movember (November) when men wear mustaches in order to raise awareness of prostate cancer. She noted that the number one fundraiser for the latter is Manhattan Beach resident, Andy Goodman.

Councilmember D'Errico stated that the rules indicate participants cannot start growing a moustache until November 1, 2013. Additionally, he reported that two Councilmembers are signed up for the upcoming CERT training and encouraged the public to participate as well.

Mayor Lesser reported on City efforts to address power outages with Southern California Edison. He addressed additional data compiled by the City staff regarding the number of power outages, since February, 2013. Per City Council direction, a meeting has been confirmed with a senior SCE representative for next week and Mayor Lesser addressed the goals of the meeting. In addition, he reported meeting with the Public Utilities Commission President, Michael Peevey, on Friday, October 11, 2013, and President Peevey agreed that service had declined significantly in the last twenty years. He responded to data presented to him showing that SCE has invested less in infrastructure than it was allocated and directed to staff to obtain up-to-date figures regarding how much has been spent in infrastructure and agreed to meet with City representatives again. Mayor Lesser thanked Assemblyman Muratsuchi for arranging the meeting and stated he will continue to keep the public informed. He addressed challenges being faced by the U.S. Postal Service and reported that significant impacts are being felt in the City. Mayor Lesser reported that the facility on Sepulveda Boulevard has declined and that he will be meeting with the Postmaster from the South Bay Region on October 16, 2013, to address some of the issues.

Mayor Pro Tem Howorth commented on power outages in the City and the impacts on residents of the City.

Councilmember Burton commented positively on the new City website.

I. COMMUNITY ANNOUNCEMENTS REGARDING UPCOMING EVENTS

Viet Ngo announced daily meetings of the anti-corruption advocacy group at Starbucks on Highland Avenue and Manhattan Beach Boulevard.

Steve Johnson, President of Manhattan Beach Hometown Fair, thanked City Council and the City for supporting and helping with the recent event. Those interested in volunteering for next year's event may obtain additional information at www.mbfair.org. He added that Fair Board Members are also being sought.

Don Gould, Manhattan Beach Library, reported on services available to residents while the Library is closed including the virtual library and online databases and resources.

J. PUBLIC COMMENT ON NON-AGENDA ITEMS

Viet Ngo commented on existing litigation, alleged violation of the Brown Act and public corruption and misappropriation of public money by the City Council and the City Treasurer in relation to a contract with Tom Warner.

Robert Bush read his letter to Michael Pevy, President of the Public Utilities Commission, with concerns regarding power outages experienced by the City and residents caused by Southern California Edison.

K. CONSENT CALENDAR

City Attorney Barrow provided an overview of the new Consent Calendar. He reported that the public will have the opportunity to pull items from the Consent Calendar first and that City Council and staff will have the opportunity, subsequently. In addition, prior to a motion, the public will have the opportunity to speak on non-pulled items.

Viet Ngo pulled Consent Item Nos. 12 and 13 for separate discussion and consideration.

Councilmember Powell pulled Consent Calendar Item No. 6 for separate discussion and consideration.

Viet Ngo requested and was provided with clarification regarding Items No. 17 and 18. In addition, he commented regarding the public being allowed to comment on Consent Calendar items and stated that City Council must inform the public of any Consent Calendar item for which City Council intends to take action.

A motion was made by Councilmember Powell, and seconded by Mayor Pro Tem Howorth, to approve the Consent Calendar Items 3-13 with the exception of Item Nos. 6, 12 and 13. The motion carried by the following vote:

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

In response to a question by Mayor Lesser, City Attorney Barrow reported that Closed Session items were properly noticed.

Councilmember Burton recommended listing Consent Calendar items for which City Council will take action and opening public comments subsequently.

Mayor Lesser agreed that would be a good practice going forward.

3. Consideration of ordinance to amend Titles 3, 5, and 9 and to adopt the most recent California Building Standards Code and City amendments to the following Codes: 2013 California building Code, 2013 California Residential Code, 2013 California Electrical code, 2013 California Plumbing Code, 2013 California Green Building Standards Code, 2013 California Energy Code, 2013 California Mechanical Code, and to adopt the 2013 California Fire Code and City amendments (Community Development Director Thompson).
INTRODUCE ORDINANCES 13-0027 AND 13-0028 AND SCHEDULE PUBLIC HEARING FOR NOVEMBER 19, 2013

Attachments: Ordinance No.13-0027 (Building Codes)

The recommendation for this item was approved on the Consent Calendar.

4. Consideration of ordinance to amend Titles 3, 5, and 9 and to adopt the most recent California Building Standards Code and City amendments to the following Codes: 2013 California building Code, 2013 California Residential Code, 2013 California Electrical code, 2013 California Plumbing Code, 2013 California Green Building Standards Code, 2013 California Energy Code, 2013 California Mechanical Code, and to adopt the 2013 California Fire Code and City amendments (Community Development Director Thompson).
INTRODUCE ORDINANCES 13-0027 AND 13-0028 AND SCHEDULE PUBLIC HEARING FOR NOVEMBER 19, 2013

Attachments: Ordinance No 13-0028

The recommendation for this item was approved on the Consent Calendar.

5. Application for Proposition 84 Grant Funding to Install an Infiltration Swale at Marine Avenue Park (Public Works Director Olmos).
APPROVE

Attachments: Proposition 84 Funding Opportunity Notice
Grant Application

The recommendation for this item was approved on the Consent Calendar.

7. Ratification of Budgeted Motor Fuel Purchase from Southern Counties Oil Company in the Amount of $27,203.85 (Finance Director Moe).
APPROVE

Attachments: Fuel Bid Comparison

The recommendation for this item was approved on the Consent Calendar.

8. Final Payment in the net amount of $28,720.65 to Ramona, Inc.; Formally Accept the Fiscal Year 2012-13 Rehabilitation of Gravity Sewer Main Project (Miscellaneous Spot Repairs) as Complete; and Authorize Filing of the Appropriate Notice of Completion and Release Retention in the Amount of $16,854.13 (Public Works Director Olmos).
APPROVE

Attachments: Budget, Expenditures and Contract Payments
Location Map

The recommendation for this item was approved on the Consent Calendar.

9. Award of Bid for the Budgeted Purchase of Two Replacement Vehicles: One Toyota Camry Sedan for the Police Department and One Toyota Sienna Van for the Parks & Recreation Department from Wondries Fleet Group in the Amount of $60,265.07 (Finance Director Moe).
APPROVE

Attachments: Bid #944-14 Comparison for Toyota Vehicles (2)

The recommendation for this item was approved on the Consent Calendar.

10. Final Payment in the Net Amount of $79,030.33 to Rakan Inc.; Formally Accept the Section1 Concrete Repair Project as Complete; Authorize Filing of the Appropriate Notice of Completion; Release Retention in the Amount of $15,725.97 and Additional Appropriation of $20,317.61. (Public Works Director Olmos)
APPROVE

Attachments: Rakan Final Payment Table
Section 1, Concrete Repair Map 7-23-13

The recommendation for this item was approved on the Consent Calendar.

11. Award of Bid for the Budgeted Purchase of Two Replacement Vehicles: One Honda Compressed Natural Gas Civic Sedan for the Public Works Department to Fladeboe Automotive Group ($26,319.17); and One Honda Odyssey Van for the Police Department to Long Beach Honda ($28,767.86) (Finance Director Bruce Moe).
APPROVE

Attachments: Bid #945-14 Comparison Honda Vehicles (2)

The recommendation for this item was approved on the Consent Calendar.

L. PUBLIC HEARINGS

None.

M. GENERAL BUSINESS

14. Consideration of a Resolution for Management/Confidential employees Providing Salary and Benefit Adjustments for the Fiscal Year 2013-2014 including: Setting Management Confidential Salary ranges at the 75th Percentile in Total Compensation, Eliminating PERS Employer Paid Member Contributions (EPMC) with an Equivalent Base Salary Increase, Modifying the City's Contribution for Health Insurance to a maximum of 95% of the PERS Choice Plan, and approving the reclassifications recommended in the classification/compensation study (City Manager Carmany).

ADOPT RESOLUTION NO. 13-0067, ADJUSTING THE SALARY RANGES AND SALARIES OF MANAGEMENT/CONFIDENTIAL EMPLOYEES, LIMITING THE CITY'S CONTRIBUTION TO MEDICAL INSURANCE PREMIUM COSTS, REQUIRING EMPLOYEES TO PAY 100% OF THE EMPLOYEE CONTRIBUTION TO THE CALIFORNIA PUBLIC EMPLOYMENT RETIREMENT SYSTEM, AND APPROVING A CORRESPONDING INCREASE IN BASE SALARY, AND APPROVING RECLASSIFICATIONS RECOMMENDED IN THE CLASSIFICATION/COMPENSATION STUDY

Attachments: Bargaining Group Cost of Living Adjustments 2008 - 2013 and Management (

Compaction Chart

New Management Confidential Salary Range Chart

Resolution No. 13-0067

City Manager Carmany provided a PowerPoint presentation including a summary of actions that the City Council is being asked to take and addressed fiscal implications, background, consequences, and recommendations.

In response to Mayor Lesser's inquiry regarding the last salary increase, City Manager Carmany stated that the last salary increase was 2.4% and that it has been five years since they have received any salary adjustment.

Councilmember Burton inquired regarding management analyst reclassification and pension costs and City Manager Carmany stated that reclassifications were made based on employee questionnaires which were reviewed by supervisors. He added that the work serves as a management tool and that the City wanted to have reclassifications reflect new job plans and duties. He reported that Senior Management Analysts are a critical link pin classification within the organization and that the City wanted the option of rotating them amongst the organization on a scheduled basis to give them a well-rounded education. One of the requirements of the Senior Management Analyst is the rotational piece.

Councilmember Burton stated that the Class/Comp study recommended three (3) people to be promoted to Senior Management Analyst because they are doing Senior Management Analyst work but that City Manager Carmany made a policy decision *that they should rotate.*

City Manager Carmany reported that the report recommended a total of five (5) but that in actuality three (3) were able to move forward, based on management reasons.

City Attorney Barrow stated that the City Manager has provided as much information as he may at this time and that City Council has the discretion to make reclassification recommendations.

Councilmember Burton stated there is no comprehensive strategy for addressing the issue wholistically, which can create problems. He expressed concerns with the lack of specifics regarding the Directors and their corresponding raises as well as confidential management. He stated there is not enough information and analysis in the report to be able to make a decision, including long-term pension costs. He added that the level of detail he expected in the report is not provided.

In response to Councilmember Powell's inquiry regarding what cities were used for comparisons of compensation and how they were selected, Human Resources Director Cathy Hanson stated that ten cities were used, listed most and reported that they vary slightly between bargaining groups and management confidential employees.

City Manager Carmany reported that the surveyed cities are of key interest to everyone in the organization and that this time cities used historically for comparison were used.

Mayor Lesser made a referenced to "pension spiking" and asked for clarification.

City Manager Carmany reported that it is a phenomenon that occurs when people are in their final years of employment when they try to boost their pensions through various mechanisms. He added that he has not witnessed this in the City in the last three years, would not support it and does not see it as an issue now and does not expect it in the future. He reported that main protections against pension spiking are provided by CalPERS.

In reply to Councilmember D'Errico's inquiry regarding elimination of employer-paid member contributions and trade backs for increases in compensation, City Manager Carmany commented on changes in CalPERS benefit formulas throughout the years and stated that having employees pay a portion of the contributions help employees to recognize that they are making a contribution to their own pension. He noted that the City has three CalPERS contracts, one for Police, one for Fire and one for miscellaneous employees. With the shift, there is an off-set in the short-term with a net benefit to the City.

Finance Director Bruce Moe reported in the past, the City has made the employee contribution on their behalf but that now, the employee will pay his/her portion, as occurs in the private sector. In addition, he addressed safeguards available for pension spiking.

Mayor Pro Tem Howorth stated that the City now has more control over expenses going forward with this plan.

The Mayor opened the floor for public comment.

Viet Ngo stated that representatives of labor groups such as the Police Association and Fire Association should have been present in the Closed Session where this *issue was discussed and that no comments were heard from City employees. He commented on alleged payment of $200 per month to the City Clerk by Former City Manager Geoff Dolan and alleged that the City Treasurer has stolen public money .*

Patrick McBride stated that the law requires that City employee salaries be disclosed to the public, commented on the possibility of publishing them and noted that the rules for giving salary increases are complicated. He voiced support for people being responsible for their retirement and health.

Mayor Lesser closed the public comment period.

Councilmember Burton commented positively on City employees, but stated that more information is needed and expressed concerns regarding the 75th percentile. He noted that pension costs will continue to rise and that City Council must be cognizant about protecting the future. He expressed concerns that specific numbers are not provided and interest in knowing what employees are eligible for retirement and what raises they will be getting.

Councilmember Powell stated that he has always been in favor of cost containment and reducing costs and commented positively on City employees, noting that they deserve fair increases. He indicated that what is being proposed is not unreasonable and voiced support for the proposed plan.

In response to Mayor ProTem Howorth's inquiry regarding how the increases are budgeted, Finance Director Moe reported that no cuts will be necessary in order to move forward with the proposed plan and that it is included in the five (5) year forecast.

Mayor Pro Tem Howorth noted that City employees have not had a salary increase since 2009 and have sacrificed for the good of the community and organization. She commented positively on the City's employees noting that they are part of the community and stated that the proposed increases have been carefully calculated. She expressed support for the proposed plan and noted that City employee salaries are available online.

In reply to Councilmember D'Errico's inquiry regarding the definition of the 75th percentile, Human Resources Director Hanson explained that staff surveyed ten cities in terms of total compensation. These figures were used in determining the 75th percentile resulting in a base salary rate.

Councilmember D'Errico summarized the concept noting that of the surveyed cities, Manhattan Beach total compensation would be higher than 75% of those cities and lower than 25% of those cities. He expressed concerns with the long-term impacts of the proposed plan noting the lack of a comprehensive salary strategy that spreads across all labor groups, fairly and equitably. He stated that not providing salary increases is not wrong but rather is a fiscally responsible management tool to ensure that the organization remains healthy.

In response to Mayor Lesser's inquiry, Finance Director Moe described the history of using the 75th percentile and unfunded pension liability and noted that this is a change from past practices which was to use the median amount.

City Manager Carmany reported that the process began by looking at job content and duties and what makes the City unique and noted that every city is different. Manhattan Beach is a full-service City with a world-class Police Department, Fire Department and Public Works Department and provides an array of services that *many cities do not and is not an average town. He expressed pride in recommending the 75th percentile because City employees deserve it and have earned it. He addressed unfunded liabilities and stated that the City is in good shape and that its finances are in good order. He stated that he fears that good employees will leave the City and commented on the importance of attracting and retaining highly qualified employees.*

Councilmember Burton stated he would be in favor of a "me too, plus" clause and expressed concerns that the bulk of the money is going to Directors. He reiterated his interest in knowing which employees are eligible for retirement and commented on the proposed increases compared with surrounding cities. He restated that detailed salaries should be provided with every position as well as the percentage increases and noted the need to be prudent especially in light of a continuing recession.

Councilmember Powell commented on the number of Directors compared to the number of total employees and expressed concerns with costs related to losing good employees and hiring replacements. He stated that doing so is fiscally irresponsible.

Mayor Pro Tem Howorth stated that the City is not being fiscally irresponsible, that the money has been budgeted, that the City has a solid financial portfolio and listed costs when good employees leave, other than financial losses, including ramifications to employee morale.

A motion was made by Mayor Pro Tem Howorth, and seconded by Councilmember Powell, to approve Resolution No. 13-0067, adjusting the salary ranges and salaries of management/confidential employees, limiting the City's contribution to medical insurance premium costs, requiring employees to pay 100% of the employee contribution to the California Public Employment Retirement System, approving a corresponding increase in base salary, and approving reclassifications recommended in the Classification/Compensation Study. The motion carried by the following vote:

Aye: 3 - Lesser, Howorth and Powell

Nay: 2 - Burton and D'Errico

Councilmember Burton reiterated the need to see detailed salaries and compensation and that he is in favor of a "me too, plus" clause and expressed concerns with the 75th percentile and the bulk of money going to Directors.

Councilmember D'Errico agreed with Councilmember Burton's comments. He spoke in favor of giving increases to the "rank and file" employees as well as to management but expressed concerns regarding setting a precedent. He noted the need to have a plan that addresses all employees.

Mayor Lesser stressed that he values the City's employees and commented on the high quality of staff members. He reported that the issue at hand is disparity, that represented labor groups have had step increases and that management/confidential employees had a nominal increase four years ago and none since then. He noted the need to prevent losing employees and improve the morale in the City.

Councilmember Burton stated that he suggested the 75th percentile but that the City should do so using a "me too, plus" to make it equitable, then go back to teamsters and get 75%, then to management/confidential employees and get 75% from them.

By doing that you get cost-savings throughout the City.

At 7:57 p.m. the City Council recessed and reconvened at 8:11 p.m. with all Councilmembers present.

15. Discussion on the Creation of a Citywide Hospitality Improvement District Comprised of Manhattan Beach Hotels (Finance Director Moe).

DISCUSS AND PROVIDE DIRECTION

Attachments: Draft-Manhattan Beach Hospitality Improvement District Management Plan

Finance Director Bruce Moe introduced the item and noted that Jim O'Callaghan from the Manhattan Beach Chamber of Commerce will be providing the presentation. He provided background addressing the purpose of the Hospitality Improvement District and City Council actions requested. He addressed formation, City participation requirements and steps going forward. In addition he presented details of the assessment and stressed that it is separate and apart from the City's Transient Occupancy Tax (TOT) rate. He reported that the City has considered increasing the TOT noting that it is currently at 10% and presented TOT rates of neighboring cities.

In response to Mayor Lesser's inquiry regarding the roles of the City and the Chamber of Commerce, Finance Director Moe reported that the matter initiated from the Chamber of Commerce which has been working with City hotels and that the City has been in a reactive position on the matter.

Mayor Lesser disclosed that he is a member of the Manhattan Beach Chamber of Commerce.

Councilmember Burton asked whether the hotels have submitted a petition and Finance Director Moe stated they have not but that they have been notified of the matter.

Councilmember D'Errico disclosed that his business is a member of the Manhattan Beach Chamber of Commerce. He asked regarding voting rights and Finance Director Moe reported that the hotels have voting rights and that their votes are weighted, based on the assessments they would be paying with a cap at 40%.

In response to Mayor Pro Tem Howorth's question, Finance Director Moe reported that there are ten (10) hotels involved and provided clarification regarding ownership.

Councilmember Powell asked about the 50% assessment and Finance Director Moe reported that it is a weighted percentage.

Jim O'Callaghan, President of the Manhattan Beach Chamber of Commerce, speaking on behalf of the hotel groups, provided a PowerPoint presentation addressing the weighted vote to form the district, adding that once the district is formed, each vote within the district is one-to-one. He reported that the hotels came to a consensus that there would be a 2% assessment that they would like to see passed resulting in $600,000. This would be used to market the hotels and the Manhattan Beach destination to grow room rate and occupancy, increasing the existing TOT to a higher level. He addressed the need for the Hospitality BID, California Travel Forecast, definition of the Hospitality BID and benefits of same and composition of the Hospitality BID, how it will be measured, and popularity of cities in California, surrounding Hospitality BID organizations, current structures, local marketing budgets and Hospitality BID financial impacts as well as nearby TOT *percentages. Mr. O'Callaghan presented projections with and without a Hospitality BID, projected TOT collections, additional benefits of the Hospitality BID and increased sales tax.*

Councilmember Powell reported on a telephone conversation between him and Mr. O'Callaghan as well as correspondence with staff on this matter. He commented on the management district plan noting that there are some sections that are ambiguous and incorrect. He stated that if the matter is going to move forward, there needs to be amendments to the document. Councilmember Powell indicated that the document exempts airline employees, government employees and certain other groups and infers that residents will not be paying the assessment, but that eventually, it will be passed on to them. He asked if there would be a problem exempting Manhattan Beach residents from the assessment.

City Attorney Barrow reported that the issue would need to be researched as well as a number of other issues.

Mr. O'Callaghan reported that less than 1% of their stays are from local visitors and that the hotels may be willing to exempt Manhattan Beach residents from the assessment, if it is legal.

Councilmember Powell stated that the document indicates that the assessment is on the hotels but noted that it is instantaneously passed on to hotel guests. He commented on the Chamber of Commerce getting the proceeds and that voting representatives have to be Members of the Chamber of Commerce Board. He requested clarification regarding the possibility of the hotels getting the proceeds and retaining the Chamber of Commerce in a similar fashion as what occurs in the Downtown BID and the Downtown Professional Businesses Association.

Mr. O'Callaghan agreed that clarification is needed in the document, addressed the initial 25% management fee proposed and noted that it was removed from the proposal and now based on a per-item basis which will be dictated by the marketing plan which will be set forth by the hotels. He added that initially, the hotels had asked to be members of the Chamber of Commerce Board but that later it was determined that they would form a separate Board composed of six members of the hotel community, one member of the Chamber of Commerce Board and himself, as a non-voting member. He added that the plan has been revised and that City Council does not have the most current version.

In response to Councilmember Powell's inquiry regarding why there were no metrics in the management plan document, Mr. O'Callaghan stated that the management plan has not been formulated and that first there must be creation of the BID. The management plan will be developed and implemented by the Hotel Board. He added that the numbers stated represent an increase to the General Fund and addressed the additional benefits to the community. He reported that the management plan is the district set-up plan, not the hotel management plan.

In reply to Mayor Pro Tem Howorth's question, Mr. O'Callaghan reported that with the Hospitality BID in place, it is projected that the first year would result in a $90,000 increase to TOT and $130,000 in the second year and resulting in approximately $1.8 million over time.

Mayor Lesser expressed concerns regarding the role of the Chamber of Commerce. He reported that the Chamber of Commerce is presently a consultant to the City working on economic development services for $100,000. The Chamber of Commerce is also an advocate for individual projects by members and an initiative *such as the one being presented. He asked how the plan was funded and Mr. O'Callaghan reported that it was paid for by the Chamber of Commerce from other funds, not those from the City contract. Within the City contract is the establishment of a Visitor's Bureau which, Mr. O'Callaghan stated, is part of the Hospitality BID plan. He added that the role of the Chamber of Commerce would be to manage implementation of the process. A fee would be charged by the Chamber of Commerce on an individual-project basis.*

In response to Mayor Lesser's inquiry regarding the role of the City Council, Mr. O'Callaghan reported that this would be a self-assessment of the hotels and that if the City wanted to participate, it could do so. He noted direct competition with airport hotels which are at a 15.5% TOT and reported that the hotels have asked that, if the City chooses to increase the TOT, they deserve the right to abolish the district altogether, which would remove the 2% assessment. He added that presently there is a limited amount of marketing dollars to bring people into the City. The City reserves the right to set its TOT and the Hospitality BID is asking permission to form and assess on its own. He commented on an old agreement regarding the possibility of the City raising the TOT to 12% but was unsure if that must be put to a vote of the people.

City Attorney Barrow stated that if City Council wants to pursue this matter, there are a number of issues that need to be researched.

The Mayor opened the floor for public comment.

Cynthia McMaster, Chamber of Commerce Board of Directors, agreed there are many details yet to be worked out. She spoke in support of forming the Hospitality BID noting there needs to be a specific focus on driving tourism dollars into the City and that the sales tax revenue and TOT will benefit residents. In addition, she addressed the importance of increasing hotel occupancy and staying competitive with surrounding cities.

Barry Patel, Hawthorne Suites in Manhattan Beach, spoke in support of creating the Hospitality BID but expressed concerns with the 2% assessment and an increase in tax rates noting that it will put the hotels at a disadvantage. He reported that City hotels perform at a higher occupancy that has been stated and that if the Hospitality BID is not formed, it will not affect the hotel business and will not be detrimental. He encouraged City Council to consider the matter carefully because of possible impacts to TOT.

Mike Murphy, Director of Hotel Operations at the Manhattan Beach Marriott, spoke in support of forming the Hospitality BID noting that the self-assessment will allow hoteliers to stay competitive with neighboring cities and will serve to grow hotel occupancy and awareness of the City. He added that by increasing occupancy, other City businesses will benefit, thus increasing total tax revenue. However, he stated that the effort will not be possible if the City plans on increasing TOT to 12%.

Mike Zislis, Hotel Operator, spoke in support of creating the Hospitality BID and stated that it will benefit the community, local businesses and the City. He encouraged City Council to move forward with the matter but expressed concerns with the City increasing TOT to 12%.

Bridgette Gloom, General Manager of Residence Inn by Marriott, spoke in support of forming the Hospitality BID but felt that they would be put at a disadvantage if the City were to raise its TOT by 2%. She noted that her guests stay an average of seven or more days and that there are some guests that have stayed for almost four years and *spend a lot of money in the community. She addressed increased competition with a project in Redondo Beach and stated she would like assistance in marketing against those properties.*

Don McPherson expressed concerns regarding smaller, lodging facilities and felt they will not benefit from formation of the Hospitality BID and asked whether they may be able to opt out of the plan. In addition, he commented on the possibility of the City increasing TOT by 2% and stated that there will need to be an education process on the matter.

Wayne Partridge expressed concerns that if the plan goes forward, there will be significant pressure for the City not to use its taxing authority for other purposes. He stated that City Council needs to take into consideration the impact the matter will have on the practical ability of the City to use its taxing authority for other purposes.

City Attorney Barrow reported that under the new rules, effective at this time, each speaker is limited to fifteen minutes total.

Viet Ngo commented on the need to site the law authorizing a non-profit organization such as the Chamber of Commerce, to form a district such as that being proposed. He added that the Chamber of Commerce should not be involved in politics or political campaigns. He alleged kickbacks and misuse of City facilities.

Mayor Lesser referenced the Rules of Decorum and asked the City Attorney to summarize those actions that could serve as grounds for removal from Council Chambers.

City Attorney Barrow stated that all members of the public should address the Mayor and not members of the audience; that they should not try to disturb or disrupt or otherwise impede the orderly conduct of the meeting or use threatening, profane, abusive, personal, impertinent or slanderous utterances that disturb; disrupt or otherwise impede the orderly conduct of the meeting.

Mayor Lesser noted this will stand as a first warning to the previous speaker.

Lynn White, Chair of the Board of the Manhattan Beach Chamber of Commerce, reported that the Board asked similar questions at its meeting this morning and that the issues raised are very valid. She stressed that the Chamber of Commerce is not seeking a profit on this issue but rather is facilitating the matter in the interest of the City and its businesses. She acknowledged the concerns of hoteliers about remaining competitive in the City and noted the desire to be hand-in-hand on the Hospitality BID, with everyone and move forward with what is best for the City.

A representative from Hi View Inn and Suites stated he has not had a chance to review the document but asked whether, as a smaller property, they will have the option of opting out of the plan.

Mayor Lesser closed the public comment period.

Mayor Lesser asked whether hotels would have the opportunity to opt out of the Hospitality BID.

City Attorney Barrow responded he does not know the answer.

Councilmember Powell referenced a hotel in the El Porto district that is not listed as one of the participating hotels and asked why it was excluded.

Mr. O'Callaghan reported that it is listed in the revised plan.

Councilmember Powell commented on the Residence Inn and noted an exemption for extended stays of thirty days or more. He commented on the operation of existing BIDs in terms of self-assessments according to a percentage surcharge on their business licenses and asked whether that was considered as a way to finance the proposed Hospitality BID.

Mr. O'Callaghan reported that the industry standard is to do the self-assessment which is then passed on to the consumer. The hotels, if they choose, could increase their room rates by 2% or could assess themselves in any way they chose.

Councilmember D'Errico stated that the fundamental issue is about economic development and reported the proposed has a short-term possibility of a positive effect. He indicated that the way the plan is proposed; the 2% assessment does not come off the venue's bottom line and has no effect on profitability. In addition, he addressed the possibility of a 2% TOT tax increase by the City and noted that the City has options including imposing a 2% TOT increase or allowing the 2% to be a tourism charge and have the money spent on a form of economic development with the possibility of leveraging it into an effective 4% or 6%.

Mayor Pro Tem Howorth stated she would like to understand if there is a possibility of smaller hotels opting out of the Hospitality BID and noted that they tend to attract a different clientele. She agreed that the Hospitality BID is a way of accomplishing economic development and commented on the need for metrics and accountability.

Mr. O'Callaghan addressed ways that smaller hotels could opt out of the Hospitality BID depending on criteria set by the Hotel Board.

Mayor Pro Tem Howorth commented on the possibility of the City assessing a 2% TOT to use the money as it sees fit, agreed with potential leverage opportunities and stated that there are other concerns that need to be worked out.

Mayor Lesser expressed concerns with preserving the City's ability to raise TOT and indicated the need for additional objective data and better defined goals by City Council regarding economic development.

Councilmember Burton commented on the number of cities that have similar Hospitality BIDs and stated that if the hotels want to do it, it makes total sense adding that the leverage is a great concept and adds as a multiplier. He indicated that this is economic development, which is lacking in the City and that hotels should be given the opportunity to do it. He added that the relationship of the City to the Chamber of Commerce and the proposed plans with hotels are totally separate issues.

Mayor Pro Tem Howorth commented regarding how much the City wants to depend on tourism for economic success and expressed a desire to focus on what is the smartest way to increase the City's revenue.

Councilmember Powell distinguished between Manhattan Beach and other cities with Hospitality BIDs. He stated that he would like to see the opportunity for small hotels to opt out as well as exempting Manhattan Beach residents, defined metrics and accountability and adjustments to the management plan. He added that he is in favor of economic development and fully supports the Chamber of Commerce. He commented on economic development in terms of having residents "shop local" and noted benefits to the community. He stressed the need to refine the document and *stated he would like to see the Hospitality BID operating as the two existing BIDs in terms of a direct assessment through a surcharge on the business license.*

Councilmember D'Errico gave direction that the Chamber of Commerce have a conversation with smaller hotels to see why they would opt out. If the City raises the TOT, he would like to know if the City would allow small hotels to opt out. With respect to tourism, he would like the Chamber to address added room rates and what kind of tourists that would bring to the City. He proposed asking the smaller hotels, if they had an option of paying 2% Hospitality BID or a 2% TOT, which they would prefer.

Mayor Lesser asked Finance Director Moe regarding steps moving forward and Finance Director Moe reported that it is up to the Chamber to respond to inquiries from the City Council, revise their plan and get legal opinions. If City Council is supportive, then the Chamber would begin the process and move forward.

Mayor Lesser stated he would like a presentation from the Chamber regarding economic development and provide them the opportunity to research and report back to City Council.

Mayor Pro Tem Howorth stated that the issue of economic development is a different conversation and noted the need to fully vet the proposed plan.

At 9:48 p.m. the City Council recessed and reconvened at 9:56 p.m. with all Councilmembers present.

16. Sepulveda Boulevard Bridge Widening Project - Project Update (Public Works Director Olmos).
RECEIVE REPORT

Attachments: Project Appropriations and Funding Plan
Location Map

City Manager Carmany reported that "Receive and File" items have been rearranged and stated this item was placed under "General Business" to have a public briefing regarding it and that subsequently, it will be presented along with Capital Improvement Projects.

Public Works Director Tony Olmos provided an update on the Sepulveda Bridge Widening Project addressing background, location, existing conditions, scope of the project, major project tasks, design, widening and seismic fit alternatives, environmental documents, permits and approvals, right-of-way acquisition, construction considerations, project schedule and funding.

Councilmember Powell addressed the needed easements and asked whether they have been incorporated into the mall expansion plans.

Public Works Director Olmos affirmed that they have and noted they have been incorporated as conditions of development. The City has identified the necessary easements but negotiations are pending.

In response to Councilmember Powell's inquiry regarding funding, Public Works Director Olmos reported that presently, there is approximately $21 million in funding and that the latest cost estimate for the project is approximately $17 million. Additional funding would be needed depending on actual project costs. Regarding the right-turn lane on Sepulveda going northbound, Public Works Director Olmos *confirmed that it will be converted into a right-through lane once the project is completed.*

In reply to Councilmember D'Errico's question regarding the design options, Public Works Director Olmos reported that both options could be accomplished without additional road closures. He added there will be no full-road closures during the construction period.

Regarding an existing agreement related to adjacent lands, City Manager Carmany reported that staff has looked into the issue and that City is in a good position.

City Attorney Barrow reported that staff received executed copies of the agreement , that it relates to a portion of the parkway west of Sepulveda, that there was some agreement between Santa Fe and the current owners and that there is agreement that building can proceed.

In regards to the right-turn lane onto Sepulveda, Public Works Director Olmos reported that the intersection will function as other intersections, allowing a right turn into the mall, adding that the intersection is signalized.

Camilo de la Rocha, HDR, reported there has been a revalidation on the CalTrans study and the current memorandum shows that the operations on 33rd Street through Sepulveda Boulevard will function normally. There will be a slow-down in traffic, but it will not impede the normal operation of traffic.

In response to Councilmember Burton's inquiry regarding 1998 when the project did not go forward, Public Works Director Olmos stated there was no funding at that time. He added that the City has a good relationship with the Council of Governments and that they are open for additional funding through Measure R, if needed. He stated that it is not foreseen as an issue. He added that Proposition C money is City money used for the project.

Mayor Lesser addressed the seismic stability of the bridge and asked about an assessment. Public Works Director Olmos reported that CalTrans assess bridges all across the State, every two years and that CalTrans has recommended retrofitting the bridge. He added that consideration by City Council regarding design options will be presented before or during the Capital Improvement Plan presentation. He reported that costs for either alternative are approximately the same.

The Mayor opened the floor for public comment.

Hans Neflan stated the project will affect his commute and did not think that adding a lane will make a difference in traffic. He reported that the length of the lane is affected by the length of the signal and that the lane addition will have a minimal positive impact. He stressed that rush-hour is all day long and urged City Council to carefully consider the matter.

Patrick McBride spoke in opposition to the project stating there is no need for it. He expressed concerns with traffic backups, costs and stated that there will be negative environmental impacts. He noted the importance of the design and the process in which it is built.

Bill Weiss expressed concerns with the traffic analysis and how it will impact the traffic pattern in the community. He addressed bus stops, blocked lanes and stated he would like to understand the analysis, wholistically to determine how it will affect traffic patterns to the area.

Mayor Lesser closed the public comment period.

Mayor Lesser inquired regarding additional information that could be brought back to City Council in terms of benefits. Public Works Director Olmos stated that staff can present details of the CalTrans traffic studies as well as those of the project team revalidating same. He added that consideration is given to larger vehicles including busses.

Councilmember Burton commented on the "human experience" driving through the area. He indicated the project will have a profound negative impact on residents in terms of eliminating the dedicated lane turning into the mall. He stated it will not reduce traffic but will have a negative impact on the City's traffic.

In response to Mayor Pro Tem Howorth's inquiry regarding the right-turn lane and how the mall figures into the plan, Public Works Director Olmos reported the dates of the traffic study and noted that traffic has and will continue to increase. He added that such projects take a long time to develop and that the future must be taken into account. He added that going forward; staff can determine how the mall will impact the proposed project.

Councilmember Powell recalled deceleration lanes as part of the mall plan and was sure that was considered as part of the plan.

Mayor Lesser stated it would be helpful to have additional data in answer to some of the concerns voiced.

The report was received by acclamation.

N. ITEMS REMOVED FROM THE CONSENT CALENDAR

6. Award of a One-Year Bulk Fuel Contract to Southern Counties Oil Company (Estimated Annual Value of $375,000) (Finance Director Moe).
APPROVE

Attachments: Bid #932-13 Comparison for Bulk Fuel

Councilmember Powell expressed concerns regarding authorization of the City Manager to exercise options at the conclusion of the contract. He suggested that at the conclusion of the one-year contract the item should go out for bid, again.

City Manager Carmany reported that the City has the option to cancel the contract at any time, without cause, if necessary but that City Council has the discretion of modifying the terms. He added that if staff determines that it is not a fair arrangement, the contract would be cancelled and the matter would be put out to bid.

The Mayor opened the floor for public comment.

There was no public comment.

Mayor Lesser closed the public comment period.

A motion was made by Mayor Pro Tem Howorth, seconded by Mayor Lesser, to approve award of a one-year bulk fuel contract to Southern Counties Oil Company.

Prior to the vote, City Council discussion continued.

Councilmember Burton stated the matter should go out to bid every year.

Councilmember D'Errico concurred with Councilmember Burton's comments.

Finance Director Moe reported that if staff were able to address the issue administratively, it would be one less staff report and one less decision which City Council would need to consider. He added that staff would monitor the contract to understand spot-market prices and how the prices offered under the contract compare.

Mayor Pro Tem Howorth noted the contract is for one-year with two one-year options and stated she trusts that staff is looking for the best deal.

Councilmember Powell commented on the advantages of going out for bid after the first year.

A substitute motion was made by Councilmember Burton, and seconded by Councilmember Powell, to approve award of a one-year bulk fuel contract to Southern Counties Oil Company and that the matter go out to bid after the original contract term. The motion carried by the following vote:

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

12. Amendment to Contract with Government Staffing Services Inc. for Temporary Deputy City Clerk Services (City Clerk Tamura).
APPROVE; APPROPRIATE $46,000 FROM UNRESERVED GENERAL FUND BALANCE

Attachments: Contract Amendment
Original Contract

The Mayor opened the floor for public comment.

There was no public comment.

Mayor Lesser closed the public comment period.

A motion was made by Mayor Pro Tem Howorth, seconded by Councilmember Burton, to approve amendment to contract with Government Staffing Services Inc. for Temporary Deputy City Clerks Services and appropriate $46,000 from unreserved General Fund balance. The motion carried by the following vote:

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

13. Minutes
This item contains minutes of City Council meetings which are presented for approval. Staff recommends that the City Council, by motion, take action to approve the minutes of the:
a) Adjourned Regular Meeting Team Building of March 21, 2013.
APPROVE
b) City Council Regular Meeting of July 16, 2013.
APPROVE
c) City Council Adjourned Regular Meeting (Meeting Management and

Open Government Initiatives) of August 13, 2013.
APPROVE
d) City Council Regular Meeting of August 20, 2013.
APPROVE
e) City Council Regular Meeting of September 3, 2013.
APPROVE
f) City Council Adjourned Regular Meeting of September 10, 2013.
APPROVE
g) City Council Regular Meeting of September 17, 2013.
APPROVE
h) City Council Adjourned Regular (Closed Session) Meeting of October 1, 2013.
APPROVE

Attachments:
Adjourned Regular Meeting Team Building of March 21, 2013
City Council Regular Meeting of July 16, 2013
City Council Adjourned Regular Meeting (Meeting Management and Open Go
City Council Regular Meeting of August 20, 2013
City Council Regular Meeting of September 3, 2013
City Council Adjourned Regular Meeting of September 10, 2013
City Council Regular Meeting of September 17, 2013
City Council Adjourned Regular Meeting of October 1, 2013

The Mayor opened the floor for public comment.

There was no public comment.

Mayor Lesser closed the public comment period.

A motion was made by Mayor Pro Tem Howorth, seconded by Councilmember Powell, to approve minutes a through h. The motion carried by the following vote:

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

O. ADDITIONAL PUBLIC COMMENTS ON NON-AGENDA ITEMS

The Mayor opened the floor for public comment.

There was no public comment.

Mayor Lesser closed the public comment period.

P. OTHER COUNCIL BUSINESS, COMMITTEE AND TRAVEL REPORTS, FUTURE DISCUSSION ITEMS

Councilmember Powell commented on additional public comment and that those speaking during the first Public Comment period would not have the opportunity to speak again. He suggested including the directive on the face of the agenda.

Councilmember Burton indicated that the Bicycle Master Plan was supposed to be *heard on November 5, 2013, but that it is not included in the Forecasting Agenda and addressed street-sweeping fees.*

City Manager Carmany reported that it was a subset of the mobility plan.

Mayor Pro Tem Howorth noted that City Council's direction was to separate the two.

City Manager Carmany reported that the Bicycle Master Plan will be scheduled for November 5, 2013.

City Attorney Barrow reported that street-sweeping fees will be presented at the City Council meeting of November 19, 2013.

It was noted that potentially, it could be added to the November 5, 2013, agenda.

Councilmember D'Errico asked regarding additional public comment on non-agenda items.

City Attorney Barrow reported there was discussion on the matter related to allowing opportunity for public comment for those who came late to the meeting. He stated his preference to keep it as is. He added that City Council could provide further direction.

Councilmember Powell suggested adding, "If necessary and only for those who have not previously spoken".

Mayor Lesser addressed the items scheduled for the November 29, 2013, City Council meeting.

City Manager Carmany reported the possibility of foregoing the City Council Adjourned Regular meeting on November 29, 2013, at 6:00 p.m.

Mayor Lesser addressed the importance of the Joint City Council/Cultural Arts meeting.

City Clerk Tamura reported that notices have already been distributed for the November 12, 2013, meeting.

Discussion followed regarding the Joint meetings with the Cultural Arts Commission and PPIC.

Mayor Lesser stated that Ethics training will proceed on October 29, 2013, from 2:00 p.m. to 4:00 p.m., Closed Session from 4:00 p.m. to 6:00 p.m., Joint meeting with the Cultural Arts Commission starting at 6:00 p.m. and no Adjourned meeting after the Joint meeting.

Mayor Lesser commented about adding a description of what Consent Calendar items are.

City Attorney Barrow agreed to implement same on the next City Council agenda.

Mayor Pro Tem Howorth urged that the November 29, 2013, meeting is noticed properly.

Councilmember Powell commented on the Forecast Agenda regarding the September 16, 2014, meeting noting that will be the next reorganization meeting.

Additionally, he commented on the minutes from September 10, 2013, Item 4, Page 271, relative to a memo regarding complaints on satellite dishes and asked when the memo will be received.

City Attorney Barrow noted the item.

Q. RECEIVE AND FILE ITEMS

17. Veterans Parkway Application for the 2013 Trails Grant Program
(Public Works Director Olmos).
RECEIVE AND FILE

Attachments: Manhattan Beach 2013 Competitive Trails Grant Proposal for Veterans Parkv

The Mayor opened the floor for public comment.

There was no public comment.

Mayor Lesser closed the public comment period.

Councilmember Burton commented on grant fund assurances and noted the aforementioned is a grant for at-risk youth programs and the City would need to contract with an at-risk youth organization.

Public Works Director Olmos reported that it is not mandatory for the City to provide the at-risk part of the program.

18. Financial Reports:
a)Schedule of Demands: September 26, 2013
b)Investment Portfolio for the Month Ending August 31, 2013
c)Financial Reports for the Month Ending August 31, 2013
(Finance Director Moe).
RECEIVE AND FILE

Attachments: Warrant Register for September 26, 2013
Investment Portfolio for the Month Ending August 31, 2013
Financial Reports for the Month Ending August 31, 2013

The Mayor opened the floor for public comment.

There was no public comment.

Mayor Lesser closed the public comment period.

R. ADJOURNMENT

The October 15, 2013, City Council Regular Meeting was adjourned to the 2:00 p.m. City Council Adjourned Regular Ethics Training Meeting on Tuesday, October 29, 2013, in City Council Chambers, in said City.

Vida Barone
Recording Secretary

David J. Lesser
Mayor

ATTEST:

Liza Tamura
City Clerk