



CITY OF SIERRA MADRE
CITY COUNCIL REGULAR MEETING MINUTES

SIERRA MADRE CITY COUNCIL,
SUCCESSOR AGENCY, AND
PUBLIC FINANCE AUTHORITY

Tuesday, March 13, 2018 - 6:30 pm

Sierra Madre City Hall Council Chambers
232 W. Sierra Madre Blvd., Sierra Madre, CA 91024

CALL TO ORDER/ROLL CALL MEMBERS OF THE CITY COUNCIL

Present: Mayor Rachelle Arizmendi, Mayor Pro Tem Denise Delmar, Council Members John Capoccia, Gene Goss, and John Harabedian

Absent: None

Also Present: Gabe Engeland, City Manager
Teresa Highsmith, City Attorney
Marcie Medina, Assistant City Manager
Laura Aguilar, Assistant City Clerk
James Carlson, Management Analyst
Chris Cimino, Public Works Director
Vincent Gonzalez, Planning and Community Preservation Director
Joe Ortiz, Police Chief
Sue Spears, City Clerk

PLEDGE OF ALLEGIANCE AND INVOCATION/INSPIRATION:

Mayor Pro Tem Denise Delmar led in the Pledge of Allegiance, followed by words of inspiration in which she requested that the Council Members and residents recognize and remember Gregory Casillas, Pomona Police Department Probationary Officer, who was shot and died on Saturday, March 10, 2018. Mayor Pro Tem Delmar asked for a moment of silence as we remember Officer Casillas and all of our officers.

REPORT ON THE CLOSED SESSION SPECIAL MEETING OF THE SIERRA MADRE CITY COUNCIL ON TUESDAY, MARCH 13, 2018 AT 5:30 PM

City Attorney Highsmith reported that the City Council met in Closed Session on a matter of anticipated litigation. No action was taken, however direction was provided to the City Attorney.

APPROVAL OF AGENDA AS PRESENTED:

Council Member John Harabedian moved to approve the agenda as presented.

Mayor Pro Tem Denise Delmar seconded the motion to approve the agenda.

Ayes: Mayor Rachelle Arizmendi, Mayor Pro Tem Denise Delmar, Council Members John Capoccia, Gene Goss, and John Harabedian

Noes: None

The motion to approve the agenda as presented was passed unanimously.

APPROVAL OF MINUTES:

Mayor Arizmendi moved on to the approval of the Minutes of the Regular Council Meeting of February 27, 2018.

Council Member Gene Goss moved to approve the Minutes of the Regular Council Meeting of February 27, 2018 as presented.

Council Member John Capoccia seconded the motion to approve the Minutes.

Ayes: Mayor Rachelle Arizmendi, Mayor Pro Tem Denise Delmar, Council Members John Capoccia, Gene Goss, and John Harabedian
Noes: None
Absent: None
Abstain: None

The motion to approve the Minutes of the Regular Council Meeting of February 27, 2018 as presented was passed unanimously.

MAYOR AND CITY COUNCIL REPORTS:

1. Council Member John Capoccia reported that he attended the Wild and Scenic Film Festival on Saturday at the Sierra Madre Playhouse. He said that it was a packed house, sold out, and a lot of fun. It was the first time in 40 years that an actual film had been shown at Playhouse. Council Member Capoccia said that it was impressive that Carolyn Dasher, EENR Commissioner, paid for the new screen there. In addition, he reflected that it is incredible that we have this kind of dedication in town and that weekly there is always something that reminds him why he loves living in Sierra Madre because of the people here.
2. Council Member Gene Goss reported that, as a liaison to the Chamber of Commerce, the St. Patrick's Celebration events in the Park scheduled for Saturday have been cancelled due to the rain prediction. He said that the Wistaria Festival events scheduled for Sunday, March 18, 2018, are proceeding as planned.
3. Council Member John Harabedian did not make a report
4. Mayor Pro Tem Denise Delmar encouraged everyone to attend the 2018 Wistaria Festival events on Sunday, March 18, 2018, to show their support of the City's Chamber of Commerce.
5. Mayor Rachelle Arizmendi reported that she attended a meeting this past week in which Los Angeles Mayor Eric Garcetti talked about Census 2020 that is coming up in two years and that this requires a lot of planning. She emphasized the importance of Census 2020, in terms of money and power. Mayor Arizmendi said that there are "hard to survey blocks" in LA County, while Sierra Madre is "not hard to survey." In addition, she stated that Census 2020 is about the entire region, state, and county. It is important that our county and state make sure that the count is accurate to ensure that the distribution of funds and representation are fair and equitable.

PUBLIC COMMENT ON NON-AGENDA ITEMS:

Mayor Arizmendi opened for Public Comment on items not on the agenda.

- Gary Hood, 465 North Baldwin Ave., stated that he is speaking at the request of the *Preserve Sierra Madre Group*. Mr. Hood said that he wanted to recognize the fine job that the current Sierra Madre Council Members are doing, including handling problems in the community and balancing of the books. In addition, he articulated that everyone is supportive of the current Council Members who are on the ballot in April and is pleased to see that three of them are running. Mr. Hood wanted to make the Council aware that he received in the mail a beautiful brochure in which his wife and the name of a person not living at his house was listed, thus causing him concern. He thanked the three Council members running and said that they have the support of the community.

Mayor Arizmendi asked if anyone else would like to come forward on items not on the agenda. Seeing no one come forward, Mayor Arizmendi closed Public Comment.

PRESENTATION – PROCLAMATION IN SUPPORT OF RED CROSS MONTH:

Mayor Arizmendi presented a Proclamation in Support and Recognition of Red Cross Month to Sylvia Ramos, representing the Sierra Madre Chapter of the American Red Cross.

1. AGENDA ACTION ITEM: CONSENT CALENDAR:

City Manager Engeland gave the following reports under the Consent Calendar:

- A) ADOPTION OF RESOLUTION 18-09 OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE APPROVING CERTAIN DEMANDS - Recommendation that the City Council approve Resolution 18-09 for approval of payment of City warrants in the aggregate amount of \$146,803.44, Library warrants in the aggregate amount of \$400.00, and payroll transfer in the aggregate amount of \$299,313.07 for fiscal year ending June 2018.

- B) ANNUAL HOUSING ELEMENT PROGRESS REPORT ON STATUS OF REGIONAL HOUSING NEEDS ALLOCATION (RHNA) - Recommendation that the City Council receive and file.
- C) CONSIDERATION OF PROFESSIONAL SERVICES AGREEMENT WITH MARTIN AND CHAPMAN - Recommendation that the City Council approve an agreement with Martin and Chapman for services related to the 2018 General Municipal Election and authorize the City Manager to execute the agreement.
- D) NATIONAL LEAGUE OF CITIES SERVICE LINE WARRANTY PROGRAM - Recommendation that the City Council authorize the City Manager or his designee to enter into a non-royalty marketing agreement with Utility Service Partners, Inc. (USP) for a three (3) year term and authorize USP to use the City's official logo in the program's marketing.

Mayor Arizmendi asked if any Member of the Council had questions on items on the Consent Calendar.

Council Member Harabedian had a question regarding 1D because he has personally received letters from this organization in the past. He asked if property owners would receive the same type of information, are there other companies offering this type of coverage, and asked about the program benefits.

City Manager Engeland stated that this program is co-branding and endorsed by the City. He further stated that the benefit to the program is that there are two options, (1) Royalty to the City for co-sponsorship or (2) Reduced costs for the residents. City Manager Engeland reported that the City is recommending reduced rates to the residents, in lieu to royalties to the City. He asked Utilities Services Director Reynoso to respond to whether there are other companies offering this type of program. Director Reynoso indicated that property owners can contact their homeowner's policy providers to determine if they offer this type of coverage and that the City was unaware of any other company willing to do a marketing outreach in partnership with the City for this type of service. He introduced Bill Coffey, Regional Account Director, Utility Service Partners, Inc. (USP) and representing the National League of Cities Service Line Warranty Program, to address the Council and respond to their questions.

Mr. Coffey, in response to Council Members' questions stated the following: (1) this is the only such program offered by the National League of Cities and is unique, (2) there are no deductibles for participants in the program, except under \$10 per month each for the water line and sewer line, these are the lateral lines on the front of homeowners property, (3) participation is voluntary and persons may opt in or out of the program at any time, without penalty, and (3) the rates are based on the volume of business done in the State of California and nationwide.

Council Member Harabedian asked Mr. Coffey "why should the City do this." Mr. Coffey responded that USP will not reach out to Sierra Madre residents without City approval. In addition, he said that USP will send out three letters per year, at no cost to the City, and that the City is given the opportunity to review and approve the letters beforehand.

Council Member Capoccia asked whether there would be a press release issued or other community outreach about the City's participation in the program. He expressed that any communication should let residents know about the benefits of this voluntary program, including low rates, and that the City is waiving royalties in order to keep rates low for its customers. Mayor Pro Tem Delmar concurred that the City should let residents know that this program has the backing of the City.

Mayor Arizmendi opened the meeting for Public Comment.

- John Hutt, Planning Commissioner, reported that the City is four years into the eight year Housing Element cycle and the progress for the Above Moderate Dwelling Units has exceeded expectations, partly due to the development of the Sierra Madre Kensington Assisted Living Facility, which was built in 2015. He stated that the affordable housing development is currently 37 ½% of the RHNA goal for the entire eight year cycle (ending in 2021). Mr. Hutt said that, while the City's affordable housing development is currently below the expected 50%, Sierra Madre is better positioned than most neighboring cities.

Mayor Arizmendi asked if anyone else would like to come forward to speak on items on the Consent Calendar. Seeing no one, Mayor Arizmendi closed Public Comment and brought the matter back to the Council for discussion.

Council Member Goss stated that item 1D is a great program for the people of Sierra Madre and that it is an opportunity to protect themselves in the event of a catastrophic failure of one of these systems.

Council Member John Harabedian made a motion to approve Consent Items 1A, 1B, 1C, and 1D as presented.

Council Member John Capoccia seconded the motion for approval.

Ayes: Mayor Rachelle Arizmendi, Mayor Pro Tem Denise Delmar, Council Members John Capoccia, Gene Goss, and John Harabedian

Noes: None

Absent: None

Abstain: None

The motion to approve Consent Calendar items 1A, 1B, 1C, and 1D as presented was approved unanimously.

2. AGENDA ACTION ITEM: PUBLIC HEARING – FIRST READING OF ORDINANCE NUMBER 1396 AMENDING TITLE 17, CHAPTER 17.56 – NONCONFORMING USES ORDINANCE AND CHAPTER 17.82 – HISTORIC PRESERVATION ORDINANCE OF THE SIERRA MADRE MUNICIPAL CODE. Recommendation that the City Council conduct a Public Hearing and introduce, for first reading, by title only, Ordinance No. 1396, an Ordinance amending Chapter 17.56 Non-Conforming Uses Ordinance and Chapter 17.82 Historic Preservation Ordinance.

Mayor Arizmendi opened the issue for Public Hearing.

Planning and Community Preservation Director Gonzalez gave a report on the first reading, by title only, of Ordinance No. 1396, an Ordinance Amending Title 17, Chapter 17.56 – Nonconforming Uses Ordinance and Chapter 17.82 – Historic Preservation Ordinance of the Sierra Madre Municipal Code, which included a power-point presentation.

Mayor Arizmendi asked if any Member of the Council had questions on the report. Council Member Harabedian said that he had questions but would wait until Commissioner Hutt made his report.

John Hutt, Planning Commissioner, testified on the matter and stated the “high points” of the Ordinance as follows:

- The City’s current non-conforming ordinance is horrible, is so ambiguous that it is not understandable, and that staff spends a lot of time trying to figure it out.
- The Planning Commission started from scratch in drafting the Ordinance and that we now have an Ordinance that works, is functional, is clearer, gives better direction to property owners, and will save staff time.
- We are not seeking to phase out non-conforming uses in town and that the Ordinance separates non-conforming use and non-conforming structures and treats them differently.
- Modifications are greatly allowed and provide for the re-use of structures, especially in the downtown.
- The Ordinance fixes previous inconsistencies in the Historic Code regarding re-use.
- Routine maintenance and repair is allowed.

Council Member Capoccia asked if a structure loses its non-conforming status if it is demolished or removed. Commissioner Hutt responded that it depends on whether the property is under involuntary demolition or voluntary demolition. He said that the Ordinance expanded the definitions of involuntary demolition to include onetime casualty and decay over time. He further stated that there is a difference between full demolition and repair and that the homeowner would work with staff on that.

Council Member Capoccia asked what would happen if Mary’s Market were to close for more than 24 months. Commissioner Hutt responded that, if that were to happen, then there would be no market in the Canyon and that is why the Ordinance expanded the non-use provision to 24 months.

Council Member Harabedian asked how we define structural alterations/changes. Commissioner Hutt responded that internal changes are not included and would be allowed. Council Member Harabedian questioned whether there was a better way to define structural alterations to be considered in the future. He asked how we define enlargement of use. Commissioner Hutt testified that enlargement of use is adding square footage, i.e. enlarging the structure to enlarge the use.

Gina Frierman-Hunt, Planning Commissioner, testified the following:

- Expanding use within the existing structure does not affect the non-conforming structure.
- Non-conforming use does not address the intensity of use, which is different.

Council Member Harabedian expressed that there may be a need to clarify structural alterations and enlargement of use and asked how property owners disagree with staff decisions appeal. Commissioner Hutt said that the person can proceed with a general appeal to the Planning Commission.

Mayor Arizmendi said that this is a Public Hearing and asked if anyone else would like to come forward to comment on this item. Seeing no one, Mayor Arizmendi closed the Public Hearing and brought the matter back to the Council for discussion.

Mayor Pro Tem Delmar thanked the Planning Commission and Commissioners Hutt and Frierman-Hunt for being so thoughtful in the drafting of the Ordinance.

Council Member Goss said that the Ordinance is reasonable, will make it easier for staff and property owners to interpret, and that clarity is important.

Mayor Arizmendi asked whether definitions can be added to the Ordinance. City Attorney Highsmith said that the Council could give direction to staff to come back with clarifying definitions and still be on target for first reading tonight, as the definitions would not change the provisions in the Ordinance. She further stated that non-conforming ordinances are generally written very broadly to provide for interpretation. City Manager Engeland said that we cannot eliminate all ambiguity and allowing for interpretation, when reasonable, is preferred. City Attorney Highsmith said that, as decisions are made, precedents for future interpretation are established and that administrative interpretation is allowed and can be added to the books. In addition, the Ordinance was drafted to make it easier for residents, to keep the character of the community and not written to eliminate non-conformity in Sierra Madre.

Council Member Harabedian stated that he was okay with the Ordinance as proposed.

Council Member John Capoccia made a motion to approve the first reading, by title only, of Ordinance No. 1396 Amending Title 17, Chapter 17.56 – Nonconforming Uses Ordinance and Chapter 17.82 – Historic Preservation Ordinance of the Sierra Madre Municipal Code.

Council Member John Harabedian seconded the motion for approval.

Ayes: Mayor Rachelle Arizmendi, Mayor Pro Tem Denise Delmar, Council Members John Capoccia, Gene Goss, and John Harabedian
Noes: None
Absent: None
Abstain: None

The motion to approve the first reading, by title only, of Ordinance No. 1396 Amending Title 17, Chapter 17.56 – Nonconforming Uses Ordinance and Chapter 17.82 – Historic Preservation Ordinance of the Sierra Madre Municipal Code was approved unanimously.

AGENDA DISCUSSION ITEMS:

3. CONSIDERATION OF RESOLUTION 18-10 – MOBILE SOURCE AIR POLLUTION REDUCTION REVIEW COMMITTEE (MSR) CLEAN TRANSPORTATION FUNDING OPTIONS.

Management Analyst Carlson gave a report on Resolution 18-10 - Mobile Source Air Pollution Reduction Review Committee (MSR) Clean Transportation Funding Options, including a PowerPoint presentation, recommending that the City Council accept the Clean Transportation Funding Grant in the amount of \$50,000 and adopt Resolution 18-10 allocating those grant funds towards the operations and maintenance of the San Gabriel Valley-wide Metro Bike Share Program that is currently being coordinated through the San Gabriel Valley Council of Governments.

Mayor Arizmendi asked if any Member of the Council had questions on the report.

Mayor Arizmendi noted that the City of Arcadia was not participating in the program at this time and questioned why. Analyst Carlson responded that Arcadia did not participate at the beginning of the program, but may join as the program develops.

Council Member Goss asked about the number of bikes that would be assigned to Sierra Madre and Analyst Carlson responding to say that Sierra Madre will be on the second phase of the bike roll out of this program. In addition, he said that, if Sierra Madre worked with agencies not related to the Metro Bike Share Program, then the bikes could not participate in the Metro Bike Share Program.

Analyst Carlson also said that the City would like stationless bikes, which will probably roll out within a year, would use a TAP Card to lock, and where it can be locked is under development. In addition, part of the program is Metro staff going out, from time to time, to retrieve and spread the bikes out.

Mayor Pro Tem Delmar asked if, in big cities, Metro is working with certain employers and businesses to have docking stations. Analyst Carlson responded that he has seen, in Downtown Los Angeles, the strategic placement of docking stations at green oriented and sustainable oriented businesses.

Mayor Arizmendi opened this item for Public Comment.

- Dee Alcorn, Grandview, asked if there is a charge and if there has been a pilot program to indicate that it is worthwhile. He also asked what happens if the program is over and there are ongoing costs.

In response, Mayor Arizmendi stated that she has seen that the program is well used in Downtown Los Angeles. In addition, Analyst Carlson said that bike use cost is \$1.35 for 30 minutes via TAP cards or phone App. He also reported that Long Beach, Santa Monica, Downtown Los Angeles, and Pasadena had test programs, although Pasadena's test program had glitches. He said that there is no cost to the City to participate in the Metro Bike Share Program. Analyst Carlson reported that, if the City were to use the funds for electric vehicle charging stations, it would require that the City pay for 50% of the total project cost, funds the City does not have.

Mayor Arizmendi asked if anyone else would like to come forward to speak on this item. Seeing no one, Mayor Arizmendi closed Public Comment and brought the matter back to the Council for discussion.

Mayor Pro Tem Delmar said that she has seen a similar type of program working in Northern California and it was well used. In addition, she stated that there are employers who subsidize employees who use the program.

Council Member Gene Goss made a motion to accept the Clean Transportation Funding Grant in the amount of \$50,000 and adopt Resolution 18-10 as presented.

Council Member John Capoccia seconded the motion for approval.

Ayes: Mayor Rachele Arizmendi, Mayor Pro Tem Denise Delmar, Council Members John Capoccia, Gene Goss, and John Harabedian
Noes: None
Absent: None
Abstain: None

The motion to accept the Clean Transportation Funding Grant in the amount of \$50,000 and adopt Resolution 18-10 as presented was approved unanimously.

At 7:45 p.m., Mayor Arizmendi announced that the meeting would break for five minutes and resume at 7:50 p.m. The meeting resumed at 7:51 p.m.

4. FY 2017-2018 MIDYEAR BUDGET REVIEW SECOND QUARTER FINANCIAL REPORT – CONSIDERATION OF RESOLUTION 18-11 – ADOPTING THE MIDYEAR BUDGET FOR FISCAL YEAR 2017-2018 AND APPROPRIATING THE AMOUNTS PROJECTED.

Assistant City Manager Medina gave a report on the FY 2017-2018 Midyear Budget Review Second Quarter Financial Report, including a PowerPoint presentation, and recommended approval of Resolution 18-11 - Adopting the Midyear Budget for Fiscal Year 2017-2018 and Appropriating the Amounts Projected.

Mayor Arizmendi asked if any Member of the Council had questions on the FY 2017-2018 Midyear Budget Review Second Quarter /Financial Report or Resolution 18-11.

In response to a question from Mayor Pro Tem Delmar, Asst. City Manager Medina explained that, in regards to the General Fund for Planning & Preservation, the increase in expenditures of \$100,000 was due to the legal bills associated with the coding.

In response to questions from Council Member Capoccia, Asst. City Manager Medina explained and clarified the small increases across several revenue sources, which included, property tax, redevelopment rate residuals, sales tax (+\$20,000), and franchise fees (+\$20,000), as well as the decrease in utility taxes.

Mayor Arizmendi had a question about the Sewer Fund, how it works out with the timing of our Water Study, and asked if we need to be concerned and do we need to move faster.

Asst. City Manager Medina responded that the staff is aware that they need to move quickly due to the depleting fund balance, are moving much faster than anticipated because it has already been a few years, and there is a need to implement the new Sewer Rate Study within the next year.

City Manager Engeland stated that they anticipate bringing in the Sewer Rate Study with the Water Rate Study. He also reiterated that, at the time, the Council had correctly decided to let the fund balance go down, in lieu of rate increases.

Mayor Arizmendi opened this item for Public Comment.

- Dee Alcorn, Grandview, said that he is concerned with the condition of the water and sewer systems due to inadequate maintenance that has occurred because of underfunding for years. He expressed that the system has to pay for itself now and not expect people in the future to pay for it and asked about the City's the plan to (1) show improvements and (2) make sure that the City has the funds to do them. Mr. Alcorn doubts that the current reserve funds are adequate to maintain the sewer system and water system.

In response, Mayor Arizmendi acknowledged that the sewer is an area of concern and that is why the City is looking to the Sewer Rate Study to make sure that this is addressed for the future. She also reported that the Master Water Plan has been completed and that there have been significant investments in the infrastructure. Mayor Arizmendi stated that there is a plan in place to address these issues utilizing the Master Water Plan, Water Infrastructure Plan, and the Sewer Rate Study.

In regards to water infrastructure, City Manager Engeland stated that an important part of last year's budget was the investment in capital assets in the Water Fund of \$915,000, which is more than was spent in the previous two years combined. He recognized that the water system is in critical and poor condition such that the vast majority has passed its useful life. City Manager Engeland said that the City needs to seriously invest in its water infrastructure maintenance from year to year. In regards to the Sewer Fund, he said that the sewer infrastructure is in good shape and that the Sewer Funds have been adequate, but that this is the last year that we can allow depletions of the sewer fund balance. City Manager Engeland said that, when the water rates are adopted, it will break out and show exactly what we are investing in infrastructure per household. Asst. Manager Medina stated that in the last few years the City refinanced the Water Bond Fund for greater savings to the City and, with the Water Rate Study, the City will be better able to allocate its costs over time.

Mayor Arizmendi asked if anyone else would like to come forward to speak on this item. Seeing no one, Mayor Arizmendi closed Public Comment and brought the matter back to the Council for discussion.

Mayor Arizmendi commented that, given where the City was a year ago, the City's financial position has improved greatly and commended City staff for their work in balancing the budget and finding savings for the City.

Major Pro Tem Delmar commented that the City is beginning, albeit late, to invest in the City's infrastructure and that this is really due to the staff finding ways for us to pay for that and commended the staff for putting together a really good budget.

Council Member Goss commented that, with the new City Manager, new Public Works Director, and Utilities Director, the City's management team gets it in that, when you invest in infrastructure, you save in operating costs over time. He stated that good things are happening, but that it takes patience, and he is optimistic for the City in the long run.

Council Member Harabedian echoed the comments of the previous Council members.

Mayor Pro Tem Denise Delmar made a motion to approve Resolution 18-11 - Adopting the Midyear Budget for Fiscal Year 2017-2018 and Appropriating the Amounts Projected.

Council Member John Harabedian seconded the motion for approval.

Ayes: Mayor Rachelle Arizmendi, Mayor Pro Tem Denise Delmar, Council Members John Capoccia, Gene Goss, and John Harabedian
Noes: None
Absent: None
Abstain: None

The motion to approve Resolution 18-11 - Adopting the Midyear Budget for Fiscal Year 2017-2018 and Appropriating the Amounts Projected as presented was approved unanimously.

5. PROCEDURES FOR DISINCORPORATION AND IMPACTS THEREOF.

City Manager Engeland provided a background on the origin of this item, as at the last Council Meeting he had given a report on the fiscal impact analysis to Sierra Madre if Measure D were to pass and what the complete repeal of the 10% Utility Users Tax (UUT) would equal. City Manager listed the following regarding the impact to the City if the 10% UUT were to be completely repealed:

- Reduction of 24% of the General Fund or \$2.6 million in revenue plus additional revenues that the departments bring in that we could no longer count on.
- Areas that will be proposed to staff include: eliminate six police officers and four sergeants, eliminate our ambulance service, eliminate Community Services in its entirety, and reduce the Library to one day per week.
- The cuts indicated above would total \$1.7 million of the \$2.6 million revenue loss.
- The remaining \$900,000 of revenue loss would require a 20% cut equally across all departments.

In response to the request at the last Council Meeting, City Attorney Highsmith gave a report on the Procedures for City Disincorporation and the Impacts Thereof, which included the following:

- When a public entity does not have enough revenue to pay for essential services, the options are (1) Raise revenue, (2) Cut services, (3) Chapter 11 Bankruptcy Process, does not eliminate the city, just reorganizes it, and the result is less services, and finally (4) Disincorporation, meaning a city would cease to exist.
- The point of disincorporation is that there is no sustainable way to continue City services.

City Attorney Highsmith reported the following impact to Sierra Madre, if disincorporation were to take place to include, but not be limited to, the following:

- Sierra Madre would cease to be Sierra Madre as a city and be absorbed into unincorporated Los Angeles County (County) territory.
- All Sierra Madre Municipal Codes and all legislative enactments would cease and Sierra Madre would be under the County Code of Ordinances.
- All building and zoning permits would be reviewed by the County, subject to the County Code.
- Paramedic services, police services, and fire services would be provided by the County.
- How water services are provided would be a County decision.
- The County could decide to keep the Water Department or could decide to sell the entire system.
- Disincorporation would not eliminate Sierra Madre's liabilities, which would remain through the entire disincorporation process.
- In disincorporation, all assets are taken into consideration and liquidated, to the extent necessary, to pay off the debt and/or liability so that the County gets that territory free of the debt.
- The County decides all assets to be liquidated to eliminate the debt and, if that does not generate sufficient revenue to eliminate the debt, then a Parcel Tax can be levied by a majority vote (instead of the usual two-thirds percent required vote), as part of the disincorporation vote.
- To initiate the disincorporation process, the City must adopt a resolution application that is ultimately submitted and reviewed by the Local Agency Formation Commission (LAFCO).
- Disincorporation is a very lengthy process that takes about a year, requires approval by a majority of the voters (Special Election or General Election), and, if it fails, no one can request the disincorporation procedure for two years.

Mayor Arizmendi asked if any Member of the Council had questions on the Procedures for City Disincorporation and the Impacts Thereof.

Council Member Capoccia commented that there would be no way out of this mess if the City loses the UUT revenue. He noted that services would be decimated to a level that we are not really functioning as a city and there would still be a shortfall of revenue. Bankruptcy is not viable or appropriate because the City would still have the CalPERS obligation. Council Member Capoccia further commented that, if the City tried to get out of CalPERS, then it would be extremely difficult to hire police and fire personnel and may have to pay safety personnel more to have them work under those conditions.

City Attorney Highsmith advised that there is no way out of CalPERS and that, in leaving CalPERS, the City would have to superfund CalPERS @100% for every person working for the City currently and in the past, as if they retired immediately and CalPERS would determine and demand that amount upfront. The price tag would be huge and untenable. In addition, the likelihood that the City could attract new employees would be very slim.

In response to a comment by Council Member Capoccia, City Attorney advised that, during the disincorporation process which is very lengthy, the City would be depleting its reserves while drastically eliminating services to the community and cutting staff and the City would still not have completed the disincorporation process.

Council Member Capoccia commented that any plan for City disincorporation would probably have to include a Parcel Tax in which 50% of the voters could approve, instead of the regular two-thirds percent required for tax approval and that this would ultimately end up costing tax payers more money in the near term, possibly lose our water system, and have higher water rates, all of which is really frightening.

Mayor Arizmendi asked, if this were to happen, when would UUT end and what happens to the City, how do we function and how do we survive as a city going through the disincorporation process. City Manager Engeland responded that the Council would have to make immediate decisions regarding drawing down on fund balances, increasing liabilities, cutting services, while trying to remain viable as a city as we go through the disincorporation process, which is lengthy. City Attorney Highsmith added that, if Measure D were to be approved, the UUT cut would be effective immediately following the election.

Mayor Pro Tem Delmar commented regarding what would happen if Measure D were to pass, we do not have UUT, and if the City does not want to go through disincorporation, then the City could choose one of the other options and try to find ways to increase revenue. She commented that it would take two years to put a Parcel Tax on the ballot, in which case staff has already been laid off. City Attorney Highsmith confirmed that, once UUT is repealed, a whole year must go by to try to bring it back and that any Parcel Tax proposal can only be on a General Election, thus it would be a full year to try to raise additional revenue for the City. In the meantime, services would have to be cut and reserves would be spent down, which will only last for so long.

Mayor Arizmendi opened this item for Public Comment.

- Edward Garcia, East Grandview, informed the Council that he is the Chairperson of the No on Measure D Committee. He wanted to remind the community and City Council that, two years ago, 72% of the voters said that they wanted to fund and support the City and bring things back to the way that they were. The last two years have been very nice. We have been able to go to a paid fire department, hired a new City Manager, hired a new Public Works Director, and re-staffed our police department. Mr. Garcia wanted to encourage and remind everyone that it is important that they go out on April 10, 2018, and vote no on Measure D to avoid the disincorporation of Sierra Madre. He stated that wanted to advise the electorate that the proponents/organizations of Measure D do not live in Sierra Madre and are disingenuous. Mr. Garcia noted that Sierra Madre pays less to its employees than neighboring cities and that we have great talent at cheap prices. The No on Measure D Committee will have a booth at the Wistaria Festival. He urged people to come out to the polls, not forget why we love this community, and vote that we want to fund this community.

Mayor Arizmendi asked if anyone else would like to come forward to speak on this item. Seeing no one, Mayor Arizmendi closed Public Comment and brought the matter back to the Council for discussion.

The report was for informational purposes only. No action was taken.

NEW ITEMS PLACED FOR FUTURE AGENDA:

Mayor Arizmendi asked the members of the City Council if there are any new items for future meeting agendas.

Council Member Harabedian expressed thanks to Edward Garcia and the No on Measure D Committee for their service, that Mr. Garcia's report could not have said it any better, and thanked City Attorney Highsmith for her report as well.

Council Member Goss thanked Mr. Garcia, as well, for his decision to devote himself to this project and know that there are others in the community that will be joining him and encourage them all and thank them. He stated that Mr. Garcia articulated the situation as well as any of the Council members could and expressed kudos to him and all of the volunteers.

No new items were requested by the Council Members.

ADJOURNMENT:

Mayor Arizmendi asked for a motion to adjourn.

Council Member John Harabedian made a motion to adjourn the meeting.

The motion to adjourn was seconded by Council Member Gene Goss.

Ayes: Mayor Rachelle Arizmendi, Mayor Pro Tem Denise Delmar, Council Members John Capoccia, Gene Goss, and John Harabedian
Noes: None
Absent: None
Abstain: None

The motion to adjourn was passed unanimously.

THE SIERRA MADRE CITY COUNCIL MEETING WAS ADJOURNED AT 8:47 p.m. to a Regular Meeting on Tuesday, March 27, 2018, to be held in the Sierra Madre City Hall Council Chambers.



Rachelle Arizmendi, Mayor

Minutes taken and prepared by:



Sue Spears, City Clerk