



CITY OF SIERRA MADRE
CITY COUNCIL REGULAR MEETING MINUTES

SIERRA MADRE CITY COUNCIL
SUCCESSOR AGENCY AND
PUBLIC FINANCE AUTHORITY

Tuesday, January 22, 2019 - 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

Mayor Pro Tem John Harabedian called the meeting to order at 6:35 p.m. City Clerk Sue Spears called the roll.

Present: Mayor Denise Delmar (arrived 6:42 pm), Mayor Pro Tem John Harabedian, and Council Members Rachelle Arizmendi, John Capoccia, and Gene Goss

Absent: None

Also Present: Gabe Engeland, City Manager
Holly Whatley, Assistant City Attorney
Laura Aguilar, Assistant City Clerk
Mike Amerio, City Treasurer (arrived 6:41 pm)
James Carlson, Management Analyst
Chris Cimino, Director of Public Works
Vincent Gonzalez, Planning & Community Preservation Director
Colby Konisek, Finance Director
Joe Ortiz, Police Chief
Christine Smart, City Librarian
Sue Spears, City Clerk

PLEDGE OF ALLEGIANCE AND INVOCATION/INSPIRATION:

Council Member Capoccia led the Pledge of Allegiance and introduced Josh Swanson, Pastor of Christ Church Sierra Madre, who delivered the invocation.

APPROVAL OF AGENDA AS PRESENTED:

Mayor Pro Tem Harabedian asked for a motion to approve the agenda as presented.

Council Member Capoccia asked for a readout on the CAFR (Consent Item 1f) and moved to approve the agenda as presented.

Council Member Goss seconded the motion to approve the agenda as presented.

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

Noes: None

Absent: Mayor Denise Delmar

The motion to approve the agenda as presented was passed with four (4) yes votes and one (1) absent.

APPROVAL OF MINUTES:

Mayor Pro Tem Harabedian asked for the approval of the Minutes of the Regular Council Meeting of January 8, 2019.

Council Member Goss moved to approve the Minutes of the Regular Council Meeting of January 8, 2019 as presented.

Mayor Pro Tem Harabedian seconded the motion to approve.

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

The motion to approve the Minutes of the Regular Council Meeting of January 8, 2019 as presented was passed with four (4) yes votes and one (1) absent.

REPORT ON THE CLOSED SESSION SPECIAL MEETING

Assistant City Attorney Whatley said that there was no reportable action taken.

MAYOR AND CITY COUNCIL REPORTS:

- A. Mayor Denise Delmar was absent for "Mayor and City Council Reports".
- B. Mayor Pro Tem John Harabedian did not make a report.
- C. Council Member Rachelle Arizmendi did not make a report.
- D. Council Member John Capoccia reported that he attended last Saturday's memorial for Tim Osti, Sierra Madre resident, that was held at the Pasadena Nazarene Church and that the services were very moving.
- E. Council Member Gene Goss announced that the Sierra Madre Chamber of Commerce is sponsoring a Town Hall Forum on Monday, January 28, 2019, beginning at 6:00 p.m., in the Sierra Madre City Hall Council Chambers. He said that the topic is the proposed reorganization of the Sierra Madre Fire Department.

PRESENTATION – CLEAN POWER ALLIANCE

Matthew Langer, Chief Operating Officer, Clean Power Alliance, gave a PowerPoint presentation, titled "*Clean Power Alliance*", that explained that the "*Clean Power Alliance*" "will (offer) beginning February 2019) become your new energy partner by providing electricity procurement services for (Sierra Madre) residents and businesses, leveraging the combined purchasing power of our member agencies to offer clean renewable energy at competitive rates."

At 6:41 p.m. – City Treasurer Amerio arrived at the meeting.

At 6:42 p.m. – Mayor Delmar arrived at the meeting.

Mayor Delmar asked if any Member of the Council had questions on Mr. Langer's presentation. Council Members did not ask any questions.

Mayor Delmar asked if anyone had questions on the *Clean Power Alliance*. The following residents asked questions that were answered by Mr. Langer:

- Robert Gjerde – Sierra Madre – asked where the *Clean Power Alliance* power comes from.
- Phil Cannon – Sierra Madre – asked (1) whether the *Clean Power Alliance* is a public corporation, is privately owned, or is a governmental entity and (2) requested an explanation on whether the power is being provided at a premium or at a discount.
- Allen Skiff – Sierra Madre – asked whether the PCIA (exit fee) charged by Southern California Edison is a typical charge.
- Marguerite Shuster – Sierra Madre – asked a question related to the total electrical bill in a situation in which a resident with solar power generates the exact amount of power that they use.
- Dee Alcorn – Sierra Madre – asked about the impact on the *Clean Power Alliance's* rates if there is a decrease in the projected number of customers being served.

In response to two questions by Mayor Pro Tem Harabedian, Mr. Langer responded that the “*Clean Power Alliance*” can provide clean power at lower rates because of their small organization that has lower overhead (than SCE), the smart risk management, and that the value is in competitive pricing. He also said that the “*Clean Power Alliance*” price per KWH is posted on their website.

Mayor Delmar requested to City Manager Engeland that a link to the “*Clean Power Alliance*” website be placed on the City of Sierra Madre website.

Mayor Delmar brought the issue back to Council for discussion. No further discussion occurred.

PUBLIC COMMENT ON NON-AGENDA ITEMS:

Mayor Delmar opened the meeting for Public Comment on items not on the agenda.

- John Swanson – Pastor at Christ Church Sierra Madre (formerly Congregational Church), said that (1) the Church has recently undergone some renovations/changes, including a name change to Christ Church and (2) it is his desire for the Church to be a benefit to the community and be “good neighbors” as well.
- Michael Geva – Sierra Madre, had questions about his water meter, the amount being charged, and the infrastructure charge. Mayor Delmar suggested to him that he schedule a meeting with City Manager Engeland.
- Phil Cannon – Sierra Madre, said that (1) he has no objection to the “infrastructure charge” on his water bill, but is not sure what it is used for, (2) he read about “False Alarm Registration Services” on the City of Sierra Madre website, but is not sure what it is, and (3) regarding fees charged to residents/businesses for false alarm calls, there is an inconsistency regarding the posted rates.
- Brett Johnson – Sierra Madre, commented on the proposed reorganization of the Sierra Madre Fire Department and asked the Council to delay the process pending more community input.
- Robert Gierde – Sierra Madre, said that he had conducted a social media poll on the proposed Sierra Madre Fire Department and was surprised by the results.
- Margaret Velturo – Sierra Madre, asked about what would happen if Sierra Madre had a disaster such as a windstorm or big earthquake.

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

Mayor Delmar asked City Manager Engeland to respond to some of the issues raised during Public Comment as follows:

- Water Bill – Meter Charge – (1) the size of the meter for a residence is determined by the engineer, not the City, (2) in some instances, the City has been able to assist homeowners to calculate a more appropriate meter size for their residence, thus allowing the meter to be downsized, (3) even if you do not use the water but have a larger meter, the user has access in capacity to a higher volume of water more quickly and more repeatedly that puts more strain on the system, and (4) the entire system is designed to provide water service based on a number of factors, one of which is called peaking, the availability of water on demand.
- Water Bill – Infrastructure Charge – (1) the report on the City’s infrastructure projects is on the City’s website, (2) this year, \$2.1M was spent on infrastructure replacement, (3) planned for next year is \$1.2M for infrastructure replacement, and (3) as early as two years ago, only \$200,000 was being spent on infrastructure repairs, which is why a high percentage of the pipes are failing, leaking, and needing replacement.
- Proposed Fire Department Reorganization – The Public Town Hall Meeting being held on Monday, January 28, 2019 @ 6:00 p.m. in Council Chambers is an opportunity for residents to get more information and ask any questions. Council Member Capoccia gave his telephone number (626) 355-6407 and encouraged anyone who would like to discuss this issue to contact him directly.

AGENDA ACTION ITEMS:

1. CONSENT CALENDAR:

City Clerk Spears gave the following reports under the Consent Calendar:

- a) ADOPTION OF RESOLUTION 19-04 OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE APPROVING CERTAIN DEMANDS - Recommendation that the City Council approve Resolution 19-04 for approval of payment of City warrants in aggregate amount of \$547,891.14; Library warrants in the aggregate amount of \$1,614.93, and payroll transfer in the aggregate amount of \$297,79930 for the fiscal year ending June 2019.
- b) TREASURER'S REPORT – QUARTER ENDING 9-30-2018 - Recommendation that the City Council receive and file.
- c) SECOND READING OF ORDINANCE 1408 AMENDING TITLE 10 (“VEHICLES AND TRAFFIC”), SECTION 10.12.030 (“RESERVED”), TO READ “SHARED MOBILITY DEVICE,” PROHIBITING SHARED MOBILITY DEVICES AND BUSINESSES - Recommendation that the City Council introduce and give second reading, by title only, waiving further reading, of Ordinance 1408, an Ordinance of the City Council amending Title 10 (“Vehicles and Traffic”), Chapter 10.12 (“Administration and Enforcement”), Section 10.12.030 (“Reserved”) of the Sierra Madre Municipal Code, to read “Shared Mobility Device”, prohibiting a shared mobility device from being abandoned or offered for use in the public right-of-way or on public property.
- d) AUTHORIZATION TO BID FISCAL YEAR 2018-2019 STREET RESURFACING PROJECT - Recommendation that the City Council direct staff to advertise the Fiscal Year 2018-2019 Street Resurfacing Project for construction bids, with construction work scheduled to begin March 2019.
- e) RECOMMENDATION TO APPROVE A NOTICE OF COMPLETION FOR THE FISCAL YEAR 2018-2019 WATER MAIN REPLACEMENT PROJECT - Recommendation that the City Council approve a Notice of Completion for the Fiscal Year 2018-2019 Water Main Replacement Project and direct staff to file the Notice with the Los Angeles County Clerk.
- f) COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2018 - Recommendation that the City Council receive and file.
- g) CALIFORNIA ASSEMBLY BILL 1600 ANNUAL COMPLIANCE REPORT - Recommendation that the City Council receive and file.

Mayor Delmar said that the Council would first discuss Consent Item 1f and asked if any Member of the Council had any questions on this item.

Council Member Capoccia commented about positive nature of the City's financial status overall and requested comment about the state of the City and its finances.

Finance Director Konisek gave a report on the City's "*Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2018*", in which the independent auditors issued the statement

with an unmodified opinion, with no exceptions noted, as follows:

- On internal controls - there were no deficiencies or material weaknesses reported by the auditors nor were there any instances of non-compliance with required laws or provisions that, if found, would have required disclosure to the Council under government accounting standards.
- A Certificate for Achievement for Excellence in Financial Reporting was awarded to the City by the Government Finance Officers Association for the previous year's CAFR dated June 30, 2017. It is customary that the award for the previous year be included in this year's CAFR. As a follow-up, Staff has applied for a certificate review for this year's CAFR ending June 30, 2018 and that Management believes that it will be awarded.
- The General Fund concluded the year (ending 6-30-18) with a surplus of \$1,324,075.
- The Water Fund also ended the year (ending 6-30-18) with a surplus of \$1,112,723.

- The Sewer Fund ended the year (ending 6-30-18) with a deficit of (\$105,319). However, this is an improvement from the prior year (ending 6-30-17), when the Sewer Fund showed a deficit of (\$460,000).
- Overall, the City's net position increased by \$3,158,931. Factors contributing to the surplus included the introduction of zero-based budgeting and tighter control of operating expenses.
- The General Fund ending balance (as of June 30, 2018) is \$8.8M.

Mayor Delmar asked if any Member of the Council had any questions on the CAFR.

In response to a question from Mayor Pro Tem Harabedian regarding the actuarial assumptions used by the City and CalPERS, Director Konisek said that the City is subject to the assumptions that CalPERS makes, without input from the City.

In response to a question from Council Member Capoccia regarding the source of the \$5M being prepaid to CalPERS, City Manager Engeland said that \$2M of that would come from Unassigned Reserves and that the remaining \$3M would come multiple sources, as well as \$500,000 to set up the other account.

In response to a question from Council Member Capoccia regarding projections about the City's finances in the next budget cycle, City Manager Engeland stated that this amount of budget surplus is not expected to be repeatable, although annual surpluses are anticipated moving forward, with the exception of the 2021 fiscal year. Additionally, he said that he expects the City's financial situation will remain strong. Although, City Manager Engeland noted that the City will have (1) ongoing liabilities with CalPERS (even with the payment), (2) increased spending that is mandated by the State (such as storm water spending – comes from the General Fund and will increase over time), (3) increased personnel costs based on Council decisions over time, and (4) compensation.

Council Member Capoccia commented that the City's finances are in great shape at the moment, as very few cities can say that. He stated that he is proud of what everyone has done to get to this point and thanked City Manager Engeland and Director Konisek.

Council Member Arizmendi congratulated the Team, stating that this is not the typical report that we hear from other cities, especially nowadays.

In response to a question from Council Member Arizmendi regarding the Sewer Fund balance at the end of fiscal year 2019 (ending 6-30-19) (given the Sewer Fund deficit as of 6-30-18), City Manager Engeland said that (1) it is expected that the Sewer Fund will be operating with a surplus, as this CAFR (6-30-18) does not anticipate any rate increases and (2) the biggest change resulted (upon completion of an in-depth audit of the sewer system) with additional residents who had been receiving sewer service and had not been previously charged for it, and (3) is the reflection being seen in the CAFR, along with some reduced expenditures, but a lot of it in the future will go on the revenue side.

Mayor Delmar opened the meeting for Public Comment on the Consent Item 1f.

- Dee Alcorn, Sierra Madre, offered attaboys to the Council for the City's financial condition and said that he is impressed with state of the City's finances.

Mayor Delmar asked if anyone else would like to speak on this item. Seeing no one, Mayor Delmar closed Public Comment and brought the Consent Item 1f back to the Council for comment. No additional comment/discussion occurred.

Mayor Delmar asked if any Member of the Council had questions on Consent Items 1a, 1b, 1c, 1d, 1e, or 1g. Council Members did not ask any questions.

Mayor Delmar opened the meeting for Public Comment on the Consent Items 1a, 1b, 1c, 1d, 1e, or 1g. Seeing no one, Mayor Delmar closed Public Comment and brought the matter back to the Council for discussion. No additional discussion occurred.

Council Member Arizmendi made a motion to approve Consent Items 1a – 1g as presented.

Mayor Pro Tem Harabedian seconded the motion for approval.

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

Noes: None

Absent: None

Abstain: None

The motion to approve Consent Calendar Items 1a – 1g as presented was passed unanimously.

2. PUBLIC HEARING - CONSIDERATION OF URGENCY ORDINANCE 1409-U, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE, ESTABLISHING AN INTERIM MORATORIUM PURSUANT TO GOVERNMENT CODE SECTION 65858 PROHIBITING "SHARED MOBILITY DEVICES" - Recommendation that the City Council conduct a Public Hearing, introduce and read, by title only, waiving further reading, Urgency Ordinance 1409-U, establishing an interim moratorium on the prohibition of shared mobility devices from being placed, abandoned, or offered for use in the public right-of-way or on public property, and declaring the urgency thereof.

Mayor Delmar opened the issues for Public Hearing.

Planning & Community Preservation Director Gonzalez gave a report on this item, with the recommendation that the City Council take the following action:

- Adopt Urgency Ordinance 1704-9 establishing an interim moratorium for 45 days prohibiting shared mobility devices and direct staff to update the relevant provisions of the Municipal Code to implement regulations taking into account the public health, safety, and welfare of the residents and visitors to Sierra Madre.

The "Summary" from Staff Report dated January 22, 2019, states: *"The interim moratorium as drafted prohibits shared mobility devices from being placed, abandoned, or offered for use in the public right-of-way or on public property by a private entity. The intent of this action is to be proactive and to minimize City exposure to the problems associated with current trends in active transportation prior to having the devices proliferate in Sierra Madre as an unregulated land use and public nuisance.*

- *On December 11, 2018, the City Council of the City of Sierra Madre adopted a 45-day interim moratorium (Urgency Ordinance 1407-U) prohibiting shared mobility devices with dockless technology from being offered for use by a private entity and abandoned in the public right-of-way or on public property anywhere in the City. Urgency Ordinance 1407-U is set to expire on January 25, 2019.*
- *On January 8, 2019, the City Council introduced for first reading Ordinance 1408 and conducted a second reading of such Ordinance on January 22, 2019 prohibiting shared mobility devices as described above. The effective date of Ordinance 1408 is February 21, 2019. This results in a 27-day gap between the expiration of Ordinance 1407-U and the effective date of Ordinance 1408.*
- *In order to avoid this gap, Staff is recommending that a second Interim Moratorium be adopted and would remain effect through March 8, 2019, ensuring complete protection in the event a private entity offering shared mobility devices attempted to operate in the City of Sierra Madre."*

Mayor Delmar asked if any Member of the Council had questions on this item.

In response to a question by Council Member Capoccia, City Manager Engeland confirmed that the purpose of this urgency ordinance is to close the 27-day gap between two previously approved ordinances regarding "shared mobility devices."

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

Discussion occurred and there was consensus on establishing an interim moratorium on the prohibition of shared mobility devices from being placed, abandoned, or offered for use in the public right-of-way or on public property, and declaring the urgency thereof.

Council Member Capoccia made a motion to approve Urgency Ordinance 1409-U as written.

Council Member Goss seconded the motion for approval.

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

Noes: None

Absent: None

Abstain: None

The motion to approve Urgency Ordinance 1409-U was passed unanimously.

3. DISCUSSION – SHORT-TERM RENTALS – Recommendation that the City Council provide staff with direction.

Planning & Community Preservation Director Gonzalez reported on this item, including a PowerPoint presentation titled “Short-Term Rentals,” as follows:

- The definition of a “short-term rental” refers to a rental whereby a residence or portion of a residence is rented to a tenant for a period of less than 30 days.
- Short-term rentals are currently legal in Sierra Madre, with the exception of second units.
- The Code does not prohibit short-term rentals in any zoning district and, therefore, the following may be used for short-term rental purposes: (a) primary residence structure, (b) a portion of a residential structure (bedroom), (c) a unit within a condominium/ townhome complex, (d) apartment, (e) a portion of a mixed-use building, and (f) any structure not defined as a second-unit.
- Current Code prohibits “second units,” also referred to as an “accessory dwelling unit” from use as a short-term rental as follows: (a) no second unit shall be used as a “short-term rental” and (b) applies to detached or attached short-term rentals if it “provides complete independent living facilities.”

Director Gonzalez said that Staff is seeking City Council direction regarding short-term rentals, including the following as potential options:

- Take no action.
- Direct Staff to work with the Planning Commission to prohibit short-term rentals.
- Direct Staff to work with the Planning Commission to prepare a new Chapter – “Short-Term Rentals” to Title 17 of the Sierra Madre Municipal Code allowing short-term rentals and to develop regulations to monitor their use.

Mayor Delmar asked if any Member of the Council had questions on this item.

In response to Council Members’ questions as to whether short-term rentals are a problem or an issue that needs to be addressed, City Manager Engeland said that Staff receives approximately one (1) – two (2) resident complaints per month and those are generally because (1) residents do not know that short-term rentals are legal in Sierra Madre, (2) residents express concern for their safety because they do not know the tenants and (3) parking.

Mayor Delmar opened the meeting for Public Comment on this item.

- Margaret Vallturo – Sierra Madre, (1) shared her positive experiences with short-term rentals of her home and (2) expressed her support for continuing to allow short-term rentals in Sierra Madre.
- Allen Skiff, Sierra Madre, expressed his opposition to allowing Airbnb rentals in residential neighborhoods in Sierra Madre.

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

Discussion occurred and there was consensus among the Council to keep the current Codes regarding short-term rentals in place, with comments as follows: (1) let's keep a light touch and not overregulate it, (2) short-term rentals do fulfill a need, (3) do not see this as a problem, (4) taxing short-term rentals might encourage the practice, and (5) bandwidth to regulate it.

Staff was provided direction to (1) keep the current Codes regarding short-term rentals in place and (2) to make sure that the commissioners on the various Sierra Madre Commissions are informed that short-term rentals are legal in Sierra Madre.

ADJOURNMENT:

Mayor Delmar asked for a motion to adjourn.

Council Member Arizmendi made a motion to adjourn the meeting.

The motion to adjourn was seconded by Mayor Pro Tem Harabedian.

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

Noes: None

Absent: None

Abstain: None

The motion to adjourn was passed unanimously.

THIS SIERRA MADRE CITY COUNCIL REGULAR MEETING WAS ADJOURNED at 8:25 p.m. to a Regular Meeting to be held on Tuesday, February 12, 2019, in the Sierra Madre City Hall Council Chambers.



Denise Delmar, Mayor

Minutes taken and prepared by:


Sue Spears, City Clerk