

REGULAR MEETING
CYPRESS CITY COUNCIL
September 11, 2017
5:30 P.M.

A regular meeting of the Cypress City Council was called to order at 5:30 p.m. by Mayor Morales in the Executive Board Room, 5275 Orange Avenue, Cypress, California.

ROLL CALL

Cypress City Council, also acting as the Ex-Officio Governing Board of Directors of the Cypress Recreation and Park District

Mayor Paulo Morales
Mayor Pro Tem Jon Peat
Council Member Stacy Berry
Council Member Rob Johnson
Council Member Mariellen Yarc

STAFF PRESENT

City Manager Peter Grant
City Attorney Anthony Taylor
Director of Finance and Administrative Services Matt Burton
Community Development Director Doug Dancs
Director of Recreation and Community Services June Liu
Assistant Director of Finance and Administrative Services Donna Mullally
City Clerk Denise Basham

ORAL COMMUNICATIONS (Limited to 30 minutes – three minutes per speaker, unless extended by the City Council)

None.

CLOSED SESSION

The City Attorney reported that the City Council would be meeting in Closed Session regarding Public Employee Performance Evaluation, pursuant to Government Code Section 54957, Title: City Clerk.

At 5:31 p.m., the Mayor recessed the meeting.

The meeting reconvened at 6:01 p.m.

WORKSHOP SESSION

The Director of Finance and Administrative Services stated that the workshop would include an overview of the pension issue, the pension trust, and what it means in future years.

The Director of Finance and Administrative Services indicated that it became a requirement to put the pension liability on the City's financial statements and that it is approximately \$31 million and would increase. He stated the unfunded pension liability represents the difference between what the City has contributed to CalPERS versus the actuarially determined value of what CalPERS needs to provide to retirees. He stated that the City has proactively set aside monies to offset these liabilities for more than 10 years.

The Director of Finance and Administrative Services stated that CalPERS will charge the City more money each year, and that the owed amount would double within the next five years. He commented that the City's cash contributions would increase from \$3.9 million this fiscal year to \$7.8 million within the next five years.

Council Member Yarc asked about repercussions should the City have an inability to pay the unfunded liabilities.

The City Attorney responded that court action could force the City to pay or seize tax revenues.

The City Manager clarified that the State does not have the ability to do that yet, however there has been legislation that would empower it. He commented that a couple of agencies have stopped making their payments to CalPERS and CalPERS has cut all of their retirees' benefits by approximately 60 to 70 percent.

Council Member Johnson asked if the City is covering the unfunded portion.

The Director of Finance and Administrative Services responded that the \$30 million pension trust would be paid over a period of time, possibly 20 years.

Mayor Pro Tem Peat asked about the impact of Public Employees' Pension Reform Act (PEPRA).

The Director of Finance and Administrative Services indicated that it would likely be 15 to 20 years before there is a significant turnover in the current employee base, and commented on retirees who are not PEPRA.

Council Member Yarc asked about legislature support.

The City Manager commented on a court case that would eliminate the California rule which states that the benefit provided to an employee at the start of their employment has to be maintained throughout their career.

The City Attorney indicated that there is not a high likelihood of a court case that would lower the amount of pensions due to current CalPERS members.

Council Member Berry asked if the pension liabilities are still required to be paid by cities that have filed for bankruptcy.

The City Attorney commented that the pension liabilities have remained payable through bankruptcy.

The City Manager stated that none of the cities had their CalPERS obligation reduced.

The Director of Finance and Administrative Services stated that pension liabilities would not be eliminated even if the City contracted out its services, and that establishment of a pension trust was included in the strategic plan and the budget message. He indicated that the City has set aside \$10 million over the last 10 to 15 years, without using monies set aside for infrastructure and/or operations.

Council Member Berry commented that the current funds are not restricted but would become restricted for pension costs and payments.

The Director of Finance and Administrative Services responded in the affirmative, and clarified that the money is in the unrestricted employee benefits fund.

Mayor Morales asked about paying CalPERS a lump sum of \$10 million in order to reduce the \$31 million pension liability.

The Director of Finance and Administrative Services provided an overview of the function of the pension trust, and stated that it is voluntary and irrevocable. He stated that the withdrawal amount cannot exceed what is paid to CalPERS for pensions, there would not be a budget impact, and the City reserves would remain City reserves. He stated that the pension trust would be a financially beneficial tool for the City. He clarified that the \$10 million would be set aside and not paid to CalPERS because the City would not have access to the money and there would be a loss of control how the money is invested. He reviewed funding and withdrawal examples that include reimbursements up to the pension trust payment.

Mayor Pro Tem Peat asked about set aside monies.

The Director of Finance and Administrative Services responded that the vision is long-term.

Council Member Yarc asked if the pension trust must be withdrawn only for pensions.

The Director of Finance and Administrative Services responded in the affirmative, and clarified that a pension trust reimbursement put into the City General Fund could indirectly be used for expenses other than pension liabilities.

The City Manager stated that once the money is put back into the City General Fund, typical General Fund restrictions would apply.

The Director of Finance and Administrative Services stated that there would be flexibility with the investments with PARS but not CalPERS.

The Director of Finance and Administrative Services stated that the \$10 million would be formalized in a trust and earn reserves greater than if it was invested in the City's portfolio.

Dennis Yu, Senior Vice President of PARS, discussed PARS background and indicated that it acts as a trust fund for public agencies to handle pension liabilities in a tax exempt status. He stated that PARS manages pension trusts for 101 California public agencies, including 47 cities, nine of which are in Orange County. He indicated that PARS administers more than \$2 billion in total assets.

Council Member Johnson asked if the pension trust would be taxed similarly to a 401K.

Mr. Yu responded that a 401K fund is tax deferred and a PARS pension trust is tax exempt.

Mr. Yu spoke regarding investment options and indicated that PARS funds would be regulated under California Government Code Section 53216 and would allow cities to diversify their investments as long as it is done in a prudent manner. He indicated that Highmark Capital Management is the PARS default investment manager that has developed five investment options. He indicated that the five options are capital appreciation, balanced, moderate, moderately conservative, and conservative.

Council Member Johnson asked if the City already has PARS membership.

Mr. Yu responded in the affirmative.

The Director of Finance and Administrative Services stated that the City's financial commitment to PARS as related to the previous plans is completed.

Council Member Berry asked about the average pension trust amount invested by the cities.

Mr. Yu indicated that cities have invested as little as \$50,000 up to \$26.5 million.

Council Member Berry commented that the PARS pension trust fund has been actively sold for the past 18 months.

Mr. Yu responded in the affirmative, and clarified that other types of trust funds have been managed for 13 years.

The City Manager stated that the pension trust contribution, as stated in Agenda Item No. 12, would be invested over a period of time.

Mayor Morales asked about the investment timeframe.

The Director of Finance and Administrative Services responded that the full investment may take up to one year.

Mr. Yu stated that the investment would likely be done within a three to 12 month period.

Council Member Yarc asked about equity risks.

Mr. Yu responded that financial forecasts are still positive with equity growth and stated that if the City investment is moderate or moderately conservative, the majority of the portfolio balance of the investments would be in bonds not equities. He stated that the City portfolio would remain balanced and that Highmark Capital Management would provide diversified investment options.

Mayor Pro Tem Peat asked about the Fiscal Year 2008-2009 investments and if there was a loss in the State pool.

The Director of Finance and Administrative Services responded no, and indicated that the City investment policy includes preservation of principle and investments are largely guaranteed by the Federal Government with limited risk and minimal return.

Mayor Pro Tem Peat asked about the possibility of loss of principle should there be an economic downturn.

The City Manager responded in the affirmative, and stated that there would not be a need to liquidate the assets and the City could manage through an economic downturn.

The Director of Finance and Administrative Services indicated that the next steps would be to phase-in investments with a long-term outlook.

The City Manager clarified that the process would be in assumption of the City Council approval of Agenda Item No. 12.

Mayor Pro Tem Peat asked if funds could be added over time.

The Director of Finance and Administrative Services responded in the affirmative, and stated that additional investments would be considered as part of the annual budget and whether or not to add, withdraw, or let the funds remain and grow. He stated that there would be periodic reviews of the investment performance, and indicated that Agenda Item No. 12 recommendations include the establishment of a trust and authorization for the City Manager to execute all associated agreements.

Council Member Berry spoke regarding the one-quarter percent administrative fee and asked about the trustee and investment management fees.

Mr. Yu replied that for investments between zero and \$5 million, the trustee investment management fees combined would be 0.35 percent and when added to the .25 percent administrative fee, would total 0.60 percent. He stated that there is a fee break at the \$5 million threshold that would decrease to 0.50 percent. He stated that investments over \$10 million would further decrease the fee percentage.

Council Member Yarc asked about companies similar to PARS.

Mr. Yu indicated that there is one other company with five clients.

Council Member Berry asked if staff consulted with other cities.

The Director of Finance and Administrative Services responded that he has spoken with other Finance Directors and that the program is still in its early stages.

Council Member Berry expressed concern with the newness of the program and if it is the right time for the City to invest.

The City Manager stated that he has spoken with local City Managers and, although the investment source is relatively new, PARS has a positive record. He spoke regarding limited resources available to deal with CalPERS and the need to take action.

Council Member Yarc asked if Sacramento restricts City investments but allows the pension trust with PARS.

The City Manager responded in the affirmative.

The Director of Finance and Administrative Services indicated that the investment is allowable with the same California Government Code Section as CalPERS and that pension investments are slightly more aggressive than routine City investments.

Council Member Johnson asked about the benefit of paying down the pension liabilities.

Mr. Yu indicated that the 10 year track record on the moderately conservative portfolio indicates earnings of 4.75 percent.

The Director of Finance and Administrative Services stated that CalPERS does not guarantee a rate of return.

The City Manager indicated that, should the City Council approve Agenda Item No. 12, the City's CalPERS bill would not be affected next year and for financial reporting purposes, the \$30 million CalPERS liability would not decrease.

The Director of Finance and Administrative Services stated that in order for it to be considered a direct offset of a liability, the payments coming out of the trust have to go directly to the recipients of the benefit.

Mayor Morales commented that immediately contributing \$10 million to CalPERS would not guarantee that the amounts over the next five years would decrease.

At 6:55 p.m., the Mayor recessed the meeting.

RECONVENE

The 7:00 p.m. session of the City Council meeting was called to order at 7:05 p.m. by Mayor Morales.

ROLL CALL

Cypress City Council, also acting as the Ex-Officio Governing Board of Directors of the Cypress Recreation and Park District

Mayor Paulo Morales
Mayor Pro Tem Jon Peat
Council Member Stacy Berry
Council Member Rob Johnson
Council Member Mariellen Yarc

STAFF PRESENT

City Manager Peter Grant
City Attorney Anthony Taylor
Director of Finance and Administrative Services Matt Burton
Chief of Police Rodney Cox
Director of Community Development Doug Dancs
Director of Recreation and Community Services June Liu
Assistant Director of Finance and Administrative Services Donna Mullally
City Planner Doug Hawkins
City Engineer Kamran Dadbeh
Public Works Superintendent Kirk Streets
Building Official Bob Decker
Senior Management Analyst Alisha Farnell
City Clerk Denise Basham

PLEDGE OF ALLEGIANCE The Pledge of Allegiance was led by Mayor Pro Tem Peat.

INVOCATION The invocation was given by Father Binh Nguyen, St. Irenaeus Catholic Church.

REPORT OF WORKSHOP AGENDA/CLOSED SESSION

The Mayor asked for the report of the Closed Session Agenda items discussed earlier in the evening.

The City Attorney reported that the City Council met in Closed Session regarding Public Employee Performance Evaluation, pursuant to Government Code Section 54957, Title: City Clerk. He stated that no reportable action was taken.

The City Attorney reported that the City Council met in a Workshop Session regarding establishment of pension trust with the Public Agency Retirement Services (PARS). He stated that the Director of Finance and Administrative Services and a PARS representative presented a report, the matter was discussed with the City Council, and there would be an Agenda Item on the matter.

No other action was taken in Closed Session, nor was any solicited.

ORAL COMMUNICATIONS (Limited to 30 minutes – three minutes per speaker, unless extended by the City Council)

Mayor Morales asked anyone who wished to speak on any topic not included on the meeting Agenda to come forward.

None.

CONSENT CALENDAR

All matters listed on the Consent Calendar are to be approved with one motion unless a Council Member requests separate action on a specific item.

Mayor Morales stated that Agenda Item No. 13, the Warrant Register, includes warrant no. 43845 for \$547.98 for a reimbursement he receives as a retired employee of the City of Cypress. He indicated that in voting for any motion to approve the Warrant Register, he would not be voting on warrant no. 43845 for the reason disclosed.

Council Member Berry requested Agenda Item No. 12 be pulled from the Consent Calendar.

It was moved by Council Member Johnson and seconded by Council Member Yarc, to approve Consent Calendar Items No. 1 through 11 and No. 13.

The motion was unanimously carried by the following roll call vote:

AYES: 5 COUNCIL MEMBERS: Berry, Johnson, Yarc, Peat and Morales
NOES: 0 COUNCIL MEMBERS: None
ABSENT: 0 COUNCIL MEMBERS: None

Item No. 1: Approve Minutes – Meeting of August 28, 2017

Recommendation: Approve as submitted.

Item No. 2: Introduce and/or Adopt All Ordinances and Resolutions Presented for Consideration by Title Only and to Waive Further Reading

Item No. 3: Second Reading of the Ordinance to Amend Chapter 12 of the Municipal Code Authorizing the Removal of Unauthorized Waste Containers

Recommendation: Adopt the Ordinance by title only and waive further reading.

Ordinance No. 1165

An Ordinance of the City Council of the City of Cypress, California, Adding Section 12-12.1, "Placement of Unauthorized Containers Prohibited" to Article III, "Prohibited Acts," of "Chapter 12, "Solid Waste Management," of the Cypress Municipal Code, to Establish a Container Impound Procedure for Unauthorized Placement of Containers In the City of Cypress Without a Franchise, Contract, Permit, or Other City Authorization

Item No. 4: Second Reading of the Ordinance Amending Chapter 12 Article VIII of the Cypress Municipal Code Relating to Materials Questionnaire for Certain Construction and Demolition Projects within the City of Cypress

Recommendation: Adopt the Ordinance by title only and waive further reading.

Ordinance No. 1166

An Ordinance of the City Council of the City of Cypress, California, Amending Article VIII To Chapter 12 of the Cypress Municipal Code Relating to Requirements for the Submission and Compliance with a Materials Questionnaire for Certain Construction and Demolition Projects

Item No. 5: Introduce an Ordinance to Provide Expedited Permitting Procedures for Electric Vehicle Charging Stations

Recommendation: Introduce for first reading the Ordinance, by title only, expediting permit processing of Electric Vehicle Charging Stations.

Ordinance No.

An Ordinance of the City of Cypress Amending Chapter 5 of the Cypress Municipal Code to Establish an Expedited Permitting Process for Electric Vehicle Charging Systems

Item No. 6: Approve Lowering the Speed Limit on Walker Street Between Orange Avenue and Cerritos Avenue

Recommendation: Introduce for first reading an Ordinance, by title only, amending Chapter 16 of the Municipal Code lowering the speed limit on Walker Street between Orange Avenue and Cerritos Avenue from 45 to 40 miles per hour.

Ordinance No.

An Ordinance of the City Council of the City of Cypress Amending Chapter 16, Article XV, of the Code of the City of Cypress Modifying Speed Limits at Walker Street Between Orange Avenue and Cerritos Avenue

Item No. 7: Award a Contract for Police Vehicle Equipment Installation Services

Recommendation: Award a contract for Police Vehicle Equipment Installation Services to 10-8 Retrofit, Inc. for \$77,704.

Item No. 8: Approve Home Enhancement Loan Program Administration Contracts

Recommendation: Approve agreements for housing rehabilitation loan program administration with AmeriNat and JEDA Works/Housing Programs.

Item No. 9: Approve the Installation of a Canopy at 6200 Phyllis Drive

Recommendation: Approve Design Review Committee Permit No. 3106, subject to the revised conditions of approval.

Resolution No. 6644

A Resolution of the City Council of the City of Cypress Approving
Design Review Committee Permit No. 3106 - With Conditions**Item No. 10: Receive and File Bid Documents for Graffiti Removal Services**

Recommendation: Receive and file the bid documents for Graffiti Removal Services.

Item No. 11: Receive and File Fee Study and Cost Allocation Plan Update

Recommendation: Receive and file the update on the Fee Study and Cost Allocation Plan.

Item No. 13: Approve Register of Warrants, Electronic Funds Transfers and Wires Issued for the Period of August 14, 2017 through September 1, 2017

Recommendation: Approve the attached payment register summarized below for the period of August 14, 2017 through September 1, 2017:

- Warrants 43729 through 43926
- Electronic Funds Transfers 3211 through 3309
- Payroll Transfers W1341 through W1342

Regarding Item No. 12: Establish a Supplemental Pension Trust with the Public Agency Retirement Services, Council Member Berry asked the Director of Finance and Administrative Services to provide a summary on this matter.

The Director of Finance and Administrative Services stated that the proposal would include the establishment of a pension trust with an initial contribution of up to \$10 million. He stated that the pension trust is not a method of paying down the pension liabilities, rather it is a mechanism in which the City could invest reserves that the City currently has for pension liabilities and invest them over the long-term with the anticipation to provide the City with additional revenues that may not otherwise be received from the regular investment portfolio. He indicated that annual pension costs are estimated to double to approximately \$7.8 million over the next five years.

Council Member Berry asked about accessibility and use of the pension trust.

The Director of Finance and Administrative Services indicated that the pension trust could be accessed by as much as the City pays the California Public Employees' Retirement System (CalPERS) in any given year, and that the pension trust use withdrawal amount is at the discretion of the City Council without limitations.

Council Member Berry asked if the funds would be deposited back into the City General Fund.

The Director of Finance and Administrative Services responded that the funds are currently in the Employee Benefits fund and there would be the same spending flexibility as General Fund monies.

Council Member Berry asked about potential risks.

The Director of Finance and Administrative Services stated that the pension trust would be a diversified portfolio, and that it would be a long-term approach with positive and favorable returns anticipated.

Council Member Yarc expressed concern with the stock market being high and asked if it is the proper time to purchase equities.

The Director of Finance and Administrative Services indicated that the investment options would be diversified, with the majority invested in bonds.

Mayor Pro Tem Peat asked if CalPERS is already investing in a similar type of investment pool.

The Director of Finance and Administrative Services responded that CalPERS is investing in accordance with the same government code section and that their investments would be in a more massive investment pool.

Mayor Pro Team Peat asked if the investment would earn a higher return than the CalPERS investment.

The Director of Finance and Administrative Services responded that it could, and past performance has been higher than PERS.

Mayor Pro Tem Peat asked about City earnings in the State investment pool.

The Director of Finance and Administrative Services indicated that the earnings are approximately one percent.

It was moved by Mayor Pro Tem Peat and seconded by Council Member Johnson, that the City Council: 1) Adopt a Resolution approving a Supplemental Pension Trust with the Public Agency Retirement Services (PARS); and 2) Authorize the City Manager to execute an "Agreement for Administrative Services" between PARS and the City, and any other documents necessary to implement and administer the Trust; and 3) Authorize investments in the "Moderate" or "Moderately Conservative" portfolios.

The motion was carried by the following roll call vote:

AYES: 4 COUNCIL MEMBERS: Berry, Johnson, Yarc, and Peat
 NOES: 1 COUNCIL MEMBERS: Morales
 ABSENT: 0 COUNCIL MEMBERS: None

Resolution No. 6645

A Resolution of the City Council of the City of Cypress Approving the Adoption of the Public Agencies Post-Employment Benefits Trust Administered by Public Agency Retirement Services (PARS)

NEW BUSINESS

Item No. 14: Receive and File the Strategic Plan Six-Month Objectives Update

The City Manager provided background information on this item.

The City Manager stated that the Citywide Fee Study completion date should be corrected to read early 2018, not early 2019. He indicated that Quimby Act fee updates would be presented to the City Council in the near future. He announced the Mackay Park Grand Opening set for Saturday, November 4, and spoke regarding the park's construction progress.

The City Manager spoke regarding Agenda Item No. 17 which is included in the six-month objectives update.

Council Member Johnson spoke in support of reviewing the Quimby Act fees.

It was moved by Council Member Johnson and seconded by Mayor Pro Tem Peat, to receive and file the strategic plan six-month objectives update.

The motion was unanimously carried by the following roll call vote:

AYES: 5 COUNCIL MEMBERS: Berry, Johnson, Yarc, Peat and Morales
 NOES: 0 COUNCIL MEMBERS: None
 ABSENT: 0 COUNCIL MEMBERS: None

Item No. 15: Approve Fiscal Year 2017-18 Senate Bill 1 Project List and Budget Amendment

The Director of Community Development provided background information on this item.

Council Member Berry asked if Project 204 is the only project to be submitted.

The Director of Community Development responded in the affirmative, and clarified that the project is for Fiscal Year 2017-18 and that specific requirements and reporting formats are required. He indicated that funds would be allocated for additional projects next fiscal year.

Council Member Berry asked if the good condition of City streets affects the ability to obtain outside funding.

The Director of Community Development stated the good street condition allows more project improvement flexibility within the legislation.

Mayor Pro Tem Peat asked about the inability to supplant existing monies and the basis for that.

The Director of Community Development responded that monies for Fiscal Years 2009-2010 to 2011-12 would be kept as a Maintenance of Effort (MOE).

The Director of Finance and Administrative Services stated that the City has been proactive in maintaining its infrastructure and that the MOE is currently high, and that infrastructure reserves were used and should not be factored into the MOE. He further stated that the City will be contacting the State to see if the MOE could be adjusted.

It was moved by Council Member Berry and seconded by Council Member Johnson, that the City Council: 1) Approve the FY 2017-18 Senate Bill 1 (SB1) Project List and amend the FY 2017-18 Budget to include the SB1 Project List; and; 2) Establish a new Fund to account for Road Maintenance and Rehabilitation Account (RMRA) receipts and disbursements; and 3) Approve a \$287,000 increase in Estimated Revenues in the RMRA Fund for the receipt of the FY 2017-18 allocation; and 4) Approve a \$287,000 appropriation increase in the RMRA fund for the FY 2017-18 Arterial Overlay SB1, Project 204.

The motion was unanimously carried by the following roll call vote:

AYES: 5 COUNCIL MEMBERS: Berry, Johnson, Yarc, Peat and Morales
 NOES: 0 COUNCIL MEMBERS: None
 ABSENT: 0 COUNCIL MEMBERS: None

Item No. 16: Establish a City Council Ad-Hoc Subcommittee to Study Alternatives for the 4th of July Fireworks Celebration

The Director of Recreation and Community Services provided background information on this item.

Mayor Morales nominated himself and Council Member Johnson to serve on the Ad-Hoc Subcommittee.

It was moved by Council Member Berry and seconded by Council Member Yarc, that the City Council establish a City Council Ad-Hoc Committee to study alternative programs and venues for the 4th of July Fireworks Celebration.

The motion was unanimously carried by the following roll call vote:

AYES: 5 COUNCIL MEMBERS: Berry, Johnson, Yarc, Peat and Morales
 NOES: 0 COUNCIL MEMBERS: None
 ABSENT: 0 COUNCIL MEMBERS: None

It was moved by Mayor Pro Tem Peat and seconded by Council Member Johnson, that the City Council adopt a Resolution appointing Mayor Morales and Council Member Johnson to the Ad-Hoc Subcommittee, establishing its duration, and its duties.

The motion was unanimously carried by the following roll call vote:

AYES: 5 COUNCIL MEMBERS: Berry, Johnson, Yarc, Peat and Morales
 NOES: 0 COUNCIL MEMBERS: None
 ABSENT: 0 COUNCIL MEMBERS: None

Resolution No. 6646

A Resolution of the City Council of the City of Cypress Establishing
 an Ad-Hoc Subcommittee to Evaluate Alternative Programs and
 Venues for the 4th of July Fireworks Celebration

Item No. 17: Consideration and First Reading of an Ordinance Prohibiting All Commercial Marijuana Activities, Regulating Personal Indoor Marijuana Cultivation, and Banning Outdoor Personal Marijuana Cultivation

The City Attorney provided background information on this item.

Mayor Pro Tem Peat asked about locked space regulations for personal marijuana cultivation of less than 28.5 grams.

The City Attorney stated that the amount of grams is a requirement under the law and that for personal marijuana cultivation, six plants have to be maintained inside of a locked residence.

Mayor Pro Tem Peat clarified his inquiry and asked if 28.4 grams could be taken out of a private residence.

The City Attorney responded that the intent is not to allow a large quantity of marijuana that would be beyond State law to be transported. He stated that the intent is to mirror various State standards, and that further clarification would be presented at the second reading of the Ordinance on September 25, 2017.

Mayor Morales asked the Chief of Police about the current laws regulating the transportation of marijuana.

The Chief of Police indicated that current law restricts transporting 28.5 or more grams of marijuana.

Council Member Berry asked if the City Attorney is comfortable that the regulations are reasonable and would not create legal challenges for the City, and if cities have been faced with legal challenges.

The City Attorney stated that some cities have been challenged and some have implemented a permitting system that includes inspections and fees prior to residential marijuana cultivation allowance. He indicated that the City's proposed regulations are standard public health, safety, and welfare regulations and likely would not be successfully challenged.

Council Member Yarc asked about legal manufacturing of medicinal marijuana compounds.

The City Attorney stated that any business that involves marijuana manufacturing would be banned.

Council Member Yarc spoke in support of manufacturing medicinal marijuana.

The City Attorney stated that this ordinance would prevent the State of California from automatically issuing licenses without the City's approval. He indicated that the City Council would have the ability to amend the ordinance in the future if a business was to

come forward that the City Council and the community was accepting of. He commented that the City is being proactive in its ability to not lose the ability to regulate marijuana uses.

Council Member Berry spoke regarding Senate Bill 94 and asked about the distinction between recreational and medicinal marijuana use.

The City Attorney indicated that Senate Bill 94 would combine everything under one system, and that the proposed ordinance would create a complete ban. He stated that the ordinance could be amended by the City Council in the future.

Council Member Berry asked the Chief of Police if he is comfortable with the ordinance regulations.

The Chief of Police responded in the affirmative.

It was moved by Council Member Johnson and seconded by Mayor Pro Tem Peat, that the City Council: 1) Consider and conduct the first reading of an Ordinance, by title only, prohibiting all commercial marijuana activities, regulating personal indoor marijuana cultivation, and banning outdoor personal marijuana cultivation; and 2) Schedule a second reading with a public hearing for the above ordinance on September 25, 2017.

The motion was carried by the following roll call vote:

AYES: 4 COUNCIL MEMBERS: Berry, Johnson, Peat and Morales
 NOES: 1 COUNCIL MEMBERS: Yarc
 ABSENT: 0 COUNCIL MEMBERS: None

Ordinance No.

An Ordinance of the City Council of the City of Cypress, California, Adding Chapter 15I (Personal Marijuana Cultivation), and Chapter 15J (Marijuana Uses and Activities Prohibited), to the Code of the City of Cypress; and, Amending Article 6 (Definitions), and Zoning Tables of Sections 2.05.030, 2.06.030, 2.07.030, and 2.08.030 of Article 2 (Zoning Districts And Allowable Land Uses), of Appendix I (Zoning) of the Code of the City of Cypress, Relating to Marijuana Uses, Activities and Personal Cultivation

ORAL COMMUNICATIONS (Five minutes per speaker, unless extended by the City Council)

None.

COUNCIL MEMBER REPORTS AND REMARKS

Mayor Morales requested reports from the Council Members on their respective committee assignments.

Council Member Johnson:

Attended an O.C. Fire Authority Board of Directors meeting. Attended the Cypress Employee barbecue. Attended the O.C. Fire Authority Station 17 9/11 Remembrance.

Council Member Berry:

Participated in the shoes and sock distribution at King Elementary School with the Cypress Children's Advocacy Council. Attended a Woman's Club of Cypress meeting. Attended a SCAG Community Economic and Human Development Committee meeting. Attended a planning meeting for the Woman's Conference. Attended a Cypress High School football game. Attended the Farmers Market. Attended the League of California Cities O.C. Division Board meeting. Reminded of the Movie on the Green to be held on September 29.

Mayor Pro Tem Peat:

Attended an Open House for Assemblywoman Sharon Quirk-Silva. Attended the Cypress Employee barbecue. Attended the O.C. Fire Authority Station 17 9/11 Remembrance.

Mayor Morales:

Attended a Mayor's Prayer Breakfast ceremony meeting with Pastor Mike McKay. Attended an Open House for Assemblywoman Sharon Quirk-Silva. Attended the Cypress Employee barbecue. Attended the Investiture for Provost Valentina Purtell at the North Orange County Continuing Education program. Attended an event in memory of fallen Buena Park Police Officers.

CITY MANAGER REMARKS

No items.

ADJOURNMENT

Mayor Morales adjourned the meeting in memory of Lauren Conze and Deputy Robert French at 8:05 p.m. to an adjourned Regular Meeting, to be held on Monday, September 25, 2017, beginning at 5:30 p.m. in the Executive Board Room.



MAYOR OF THE CITY OF CYPRESS

ATTEST:



CITY CLERK OF THE CITY OF CYPRESS