

REGULAR MEETING
CYPRESS CITY COUNCIL
October 9, 2017
5:30 P.M.

A regular meeting of the Cypress City Council was called to order at 5:32 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 Bill Wynder
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
Police Commander Jim Olson
Police Commander Chris Revere
Public Works Superintendent Kirk Streets
Maintenance Worker Tad Sawyer
Office Assistant II Dawn Hooper
Police Clerk II Mai Dang
City Clerk Denise Basham

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

None.

WORKSHOP SESSION

The City Manager reported that a workshop would be held regarding strategies ensuring the City's short-term and long-term fiscal health. He indicated that employee bargaining group representatives were in attendance and that the PowerPoint presentation would be made available to the public.

The City Manager provided an overview of the financial condition of the City and the revenues and expenditures over the last 10 years. He indicated that \$2.3 million was transferred to the current Capital Improvement Project (CIP) budget annually. He

reviewed the personnel analysis for the last 10 years and indicated that the number of City positions has decreased from 180 to 145, with a personnel cost increase from approximately \$17 million to approximately \$20 million.

The Director of Finance and Administrative Services stated that the cost per employee including benefits has increased from approximately \$98,000 in Fiscal Year 2008-09 to approximately \$139,000 for Fiscal Year 2017-18.

Council Member Yarc asked about the benefit costs.

The Director of Finance and Administrative Services responded that the personnel cost increase is mostly based on pension costs and significant salary increases within the 10-year period.

Council Member Johnson asked if the vacated positions had been filled and/or contracted out.

The Director of Finance and Administrative Services responded that some positions had been filled on a contract basis which created a savings in fringe benefits.

The City Manager commented on the present financial condition of the City, that revenues have not kept pace with inflation, and that revenues have decreased and expenditures have increased. He spoke regarding sales tax revenues for Fiscal Years 2009-10 through 2021-22 and stated that a steady decline is projected.

The Director of Finance and Administrative Services commented that sales tax revenues have declined more quickly than anticipated.

The City Manager stated that CalPERS pension expenditures will increase from \$4 million in Fiscal Year 2017-18 to \$7 million in Fiscal Year 2021-22, and indicated that the unfunded pension liabilities payment is unavoidable. He reviewed the projected CalPERS amounts for the employee portion, normal cost, and unfunded liability.

Council Member Yarc asked if the City could withdraw from CalPERS.

The City Manager responded that the City's cost to withdraw from CalPERS would be a one-time cash payment of approximately \$200 million.

Council Member Yarc asked about pensions for new hires.

The City Manager indicated that all full-time employees of CalPERS member agencies must be CalPERS members. He stated that new employees are hired at a lower benefit than classic employee's pension formula and are required to pay higher out-of-pocket costs. He spoke regarding an upcoming Supreme Court case that would allow the City to cap earned benefits and offer a lower benefit for future earnings.

The City Manager reviewed the General Fund forecast for Fiscal Years 2017-18 through 2021-22, which reflects a budget deficit for next fiscal year.

The Director of Finance and Administrative Services stated that the surplus/deficit would increase to approximately \$3.4 million for Fiscal Year 2021-22 without significant cuts and/or changes.

Mayor Pro Tem Peat asked if the revenue projections include SB1.

The Director of Finance and Administrative Services responded no, and clarified that the projections are for the General Fund.

Council Member Yarc asked for clarification on the CIP.

The City Manager indicated that the CIP is the annual seven-year budget for the Capital Improvement Program designed to plan out the anticipated infrastructure improvements. He stated that some is funded by the General Fund and some by restricted funds.

Mayor Pro Tem Peat asked if SB1 funds could support future CIP's.

The City Manager stated that SB1 funds would be used for new projects.

The Director of Finance and Administrative Services indicated several projects are funded with restricted funds that are not reflected in this General Fund overview.

Council Member Berry asked about financial changes that occurred between the months of May and October.

The City Manager responded that new sales tax revisions occurred during that timeframe.

The City Manager spoke regarding the five recommended financial strategies and stated that the City budget is required to be balanced. He indicated that future operations may need to be funded with reserves for defined periods. He stated that services would be reviewed and any expansion in City services should be self-sustaining.

Mayor Pro Tem Peat asked if there are revenue projections from the 13 acre parcel.

The City Manager responded no, and stated that it likely would be in future projections.

The Director of Finance and Administrative Services indicated that the General Fund Contingency is approximately \$7 million and stated that it may only be used if there is a more than 10 percent revenue decrease or expenditure increases greater than 10 percent that are not within the City's control and there is a threat to basic services.

The City Manager stated that none of the forecasting indicates circumstances that would warrant using the reserve.

The Director of Finance and Administrative Services stated that the Capital Contingency is equal to 30 percent of the General Fund and is approximately \$8.4 million, and would

be used in the event of a disaster in order to provide cash flow prior to disaster relief assistance.

The Director of Finance and Administrative Services indicated that the Internal Service Funds are used for equipment replacement and that funds are set aside each year.

Mayor Pro Tem Peat asked if alternate funds such as Air Quality Management District (AQMD) could be sought.

The City Manager responded no, and spoke regarding the importance of the City Council discretion on fund use.

Council Member Johnson asked if unused freeway maintenance monies could be used for street maintenance.

The City Manager indicated that the City pursues Orange County Transportation Authority (OCTA) grants from the Measure M gas tax.

The Director of Finance and Administrative Services indicated that \$2.5 million has been set aside for the Business Stabilization Reserve should a major retailer leave the City or be affected by a disaster.

Council Member Berry asked if the funds had been used in the past.

The Director of Finance and Administrative Services responded in the affirmative, and stated that the funds were used several years ago to pay required loans to the State.

The Director of Finance and Administrative Services indicated that future budget savings would be used for defined purposes.

The City Manager spoke regarding the importance of the Strategic Plan, performance measurements, succession planning attrition, and partnering with employees. He stated that the Capital Reserves would be maintained at 115 percent of the seven-year CIP.

Council Member Yarc asked about the difference from what is currently being done.

The City Manager responded that there is not a CIP reserve threshold currently.

The Director of Finance and Administrative Services stated that this 115 percent reserve is for the General Fund portion of the CIP.

Council Member Yarc asked if future City Council Members would decide on seven-year CIP adjustments.

The City Manager responded in the affirmative, and stated that the percentage assists with the ability to budget.

The Director of Finance and Administrative Services indicated that the reserve threshold for the current CIP would be approximately \$22 million and the City has \$34 million in reserves currently.

Mayor Pro Tem Peat asked if the \$12 million would be available for other programs, if adopted.

The City Manager indicated that the staff recommendation would be that the \$12 million remain in the infrastructure reserve fund.

The City Manager stated that future recommendations to the City Council would favor pay-as-you-go financing and that the City may borrow funding. He stated that the System Master Plans would be used as a guide for long-term infrastructure plans.

The City Manager indicated that financial decisions would be transparent to the public and that there would be financial workshops throughout the year. He spoke regarding OpenGov and the importance of communicating with residents.

The City Manager spoke regarding the user fee, park impact, and traffic impact fee studies. He indicated that the pension trust should create a revenue stream to offset a portion of the CalPERS increases, and that economic development opportunities could provide revenues. He stated that the next steps would be to meet with City Council Members individually and return strategies to the City Council for approval at an open session.

Mayor Pro Tem Peat asked when the strategies would be implemented.

The City Manager indicated that this matter would be brought back to the City Council for review in January or February 2018.

At 6:36 p.m., the Mayor recessed the meeting.

RECONVENE

The 7:00 p.m. session of the City Council meeting was called to order at 7:02 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 Bill Wynder
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
City Engineer Kamran Dadbeh
Public Works Superintendent Kirk Streets
Information Technology Manager Adrian Smith
Senior Management Analyst Alisha Farnell
City Clerk Denise Basham

PLEDGE OF ALLEGIANCE The Pledge of Allegiance was led by Council Member Yarc.

INVOCATION The invocation was given by Pastor Brian Kammer, West Cypress 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 Manager reported that the City Council held a workshop regarding strategies ensuring the City's short-term and long-term fiscal health. He stated that the City Council engaged in a discussion with City staff and no direction was given or taken.

PRESENTATIONS

Mayor Morales and the City Council recognized Cypress Veteran James Oslund.

Mayor Morales presented Community Outreach Officer Julie Marquez with a "Red Ribbon Week" proclamation.

Mayor Morales presented Battalion Chief Kelly Zimmerman with a "Fire Prevention Week" proclamation.

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.

Katie Wiedel, Cypress, spoke regarding Cypress Police Officer Matt Ward.

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. 8, the Warrant Register, includes warrant no. 44144 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. 44144 for the reason disclosed.

Council Member Yarc requested Agenda Item No. 5 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 4 and 6, 7, and 8.

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 September 25, 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: Proclaim the Week of October 8-14, 2017 as “Fire Prevention Week”

Recommendation: Proclaim the week of October 8-14, 2017 as “Fire Prevention Week.”

Item No. 4: Proclaim the Week of October 23-27, 2017 as “Red Ribbon Week”

Recommendation: Proclaim the week of October 23-27, 2017 as “Red Ribbon Week.”

Item No. 6: Approve Construction of Two Detached Commercial Buildings at 9041 Moody Street – Design Review Committee Permit No. 3107

Recommendation: Approve Design Review Committee Permit No. 3107, subject to the conditions of approval.

Item No. 7: Approve \$196,824 Purchase of Replacement Computers and Software Licenses

Recommendation:

1. Approve a purchase from Dell Marketing LP for 135 replacement desktop computers, 10 design oriented desktop computers, and 15 desktop replacement notebook computers for \$130,466.30; and
2. Approve a purchase from Sehi Computer Products, Inc. for fifteen general use notebook computers for \$14,107.46; and
3. Approve a purchase from Dell Marketing LP for 160 licenses of Microsoft Office 2016 for \$52,249.60.

Item No. 8: Approve Register of Warrants, Transfers and Wires Issued for the Period of September 18, 2017 through September 29, 2017

Recommendation: Approve the attached payment register summarized below for the period of September 18, 2017 through September 29, 2017:

- Warrants 44056 through 44219
- Electronic Funds Transfers 3316 through 3412
- Payroll Wire Transfers W1344

Regarding Item No. 5: Approve Purchase of 800 Megahertz Handheld Upgrade Equipment and Programming, Council Member Yarc asked for clarification on the items to be purchased.

The Chief of Police stated that this purchase would be a replacement of the Cypress Police Officers' portable radios that have reached their useful lifespan. He indicated that countywide radio replacements have impacted the City's police and public works, as well as County fire.

Council Member Yarc asked if the purchase is budgeted.

The Director of Finance and Administrative Services responded in the affirmative.

It was moved by Council Member Yarc and seconded by Council Member Johnson, that the City Council approve the purchase of Motorola Solutions for 800 MHz public safety and public works portable radio upgrade equipment, not to exceed \$586,074.

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

NEW BUSINESS

Item No. 9: Authorize Participation in the North Orange County Public Safety Task Force

Council Member Yarc asked about use of the funding.

The Chief of Police indicated that the funding must be used on community based organizations that prevent and intervene in youth violence in grades kindergarten through 12, reentry for services for offenders, and homeless outreach. He stated that Cypress' funding would be directed towards the Boys and Girls Club of Cypress, Cypress Police Foundation, CityNet, and Sunburst Academy.

It was moved by Mayor Pro Tem Peat and seconded by Council Member Johnson, to: 1) Authorize participation in the North Orange County Public Safety Task Force and authorize the City Manager to execute all necessary documents; and 2) Approve CityNet, Cypress Police Foundation, Boys and Girls Club of Cypress, and Sunburst Academy as qualified community based organizations eligible to receiving funding.

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. 10: Receive and File the Strategic Plan Six-Month Objectives Update

It was moved by Council Member Berry and seconded by Council Member Johnson, 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

ITEMS FROM CITY COUNCIL MEMBERS

Item No. 11: Authorize Mayor to Sign Letter of Support for Irvine's Proposal to Secure Amazon's Second Headquarters

Mayor Morales provided background information on this item.

It was moved by Mayor Pro Tem Peat and seconded by Council Member Johnson, to authorize the Mayor to sign the Letter of Support.

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

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.

None.

CITY MANAGER REMARKS

None.

The Chief of Police spoke regarding the passing of Cypress Police Officer Matt Ward.

ADJOURNMENT

Mayor Morales adjourned the meeting in memory of Cypress Police Officer Matt Ward at 7:36 p.m. to an adjourned Regular Meeting, to be held on Monday, October 23, 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