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

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  
Senior Management Analyst Alisha Farnell  
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 the City Council would be presented with a workshop on the Fiscal Year 2017-18 Proposed Budget. He stated that the budget is the single most important action the City Council takes all year, aligns resources with the City Council's financial policies and Strategic Plan, and is the City's commitment to professionally and prudently spend money entrusted to us by the public.

The City Manager indicated that the budget reflects no new positions and the removal of three unfilled positions that City Council has already been made aware of. He indicated that the budget is balanced, does not propose service-level changes, and maintains the City Council reserve policies, as well as continuing to allocate funds to current and future year infrastructure projects. He stated the budget takes into account the multi-year employee union labor agreements. He indicated that the operating and capital budgets total approximately $37 million with a budget surplus for future years. He stated that the General Fund does not include the Recreation and Park District and remains largely unchanged. He stated that the General Fund operating surplus is approximately $4 million, which is a decrease from last fiscal year. He stated that public safety is the most expensive budget service.

The City Manager stated that the Capital Outlay budget is approximately $1.6 million and is using funds that are either saved or set aside from prior years for the purpose of equipment replacement. He indicated that significant ongoing increases total approximately $500,000 and include increased pension costs of approximately $340,000, the City’s pro rata share of a new Orange County Animal Care facility in Temecula and ongoing operations, and a new business licensing system.

Council Member Berry asked about the $190,000 increase for animal control operations and shelter.
The Director of Finance and Administrative Services responded that the new Orange County Animal Care facility is approximately $63,000 and annual animal control services are approximately $350,000.

The City Manager stated that two budget additions include a one-time community survey at a cost of approximately $45,000 and succession plan training at a cost of $15,000 which would include training of mid-management and executive management on specific topics of value to the City.

The City Manager stated the Cypress Recreation and Park District has a balanced budget and remains sustainable at an operational level. He stated that there are no significant program changes except for the return of the outdoor movie services.

The City Manager indicated the Capital Improvements Projects (CIP) budget is slightly more than $8 million with a realignment of the CIP to reflect the anticipated financial condition of the City over the next five years. He stated that remaining CIP funds would remain flexible for as long as possible in order to support the City's general financial health.

Council Member Johnson asked if the Recreation and Park District CIP budget includes Mackay Park.

The City Manager responded that Mackay Park funding is appropriated in the current year budget.

Council Member Yarc asked for clarification on the term parkway.

The City Manager responded that a parkway is the grass area between the curb and the sidewalk and included medians.

The City Manager reviewed five-year economic trends that include home value appreciation, local economy development, pension cost increases, and sales tax declines. He assured that Cypress remains in a better financial condition than most cities in California, and reviewed a five-year forecast of revenues and expenditures. He stated that sales tax revenues would be flat for a five-year period, with pension and personnel costs being the largest cost increase. He indicated that the use of reserves would not be anticipated.

Council Member Johnson asked about the sales tax decrease in Fiscal Year 2019-20.

The City Manager indicated that the long-term infrastructure improvements agreement with Warland for Shaw Industries expires early in fiscal year 2019-20 and shifts from a capital cost to a direct offset to sales tax. He stated that it is anticipated that the sales tax rebate would continue.

The City Manager reviewed forecast assumptions and actual and projected General Fund Revenues for Fiscal Year 2012-13 through Fiscal Year 2021-22. He stated that revenues do not grow very much over the forecasted time period, and that costs would be a challenge. He spoke of business sales tax struggles and Cypress' ranking of its per capita sales tax.

The City Manager spoke of the CalPERS pension expenditures and the change in the employer/employee rate and increased costs to member agencies. He stated that the CalPERS projected unfunded liabilities the City is projected to pay would increase from $1.9 million in Fiscal Year 2017-18 to $4.7 million in Fiscal Year 2021-22.

Council Member Yarc asked about repercussions if the City cannot pay the CalPERS unfunded liabilities.

The City Manager responded that consultants would work with the cities to consolidate with each other or disincorporate, and that the City could potentially withdraw from CalPERS and pay the outstanding balance in full.
Council Member Yarc asked about repercussions if the City was not able to afford the CalPERS pension liabilities and decrease staff.

The City Manager indicated that the CalPERS pension liabilities would still have to be paid and would be unaffected by a decrease in staff. He stated that the unfunded liabilities are repayment of monies that had already been put on deposit with CalPERS and vanished due to investment losses and/or actuarial changes. He stated that the current normal cost may increase slightly.

Council Member Yarc asked about repercussions if cities do not pay their unfunded liabilities.

The City Manager indicated that CalPERS could sue the cities and spoke of potential legislation that would allow CalPERS the ability to withhold property tax revenues from cities.

The City Manager stated that the Strategic Plan includes short and long-term financial planning, as well as funding options for recreation investments. He indicated that fee studies have been done to determine cost recovery and a pension trust would be established to create revenues. He stated that the CIP would be reviewed in order to accurately reflect the City's financial condition, a recreation facility condition assessment is being done, and there would be strategic investments in technology.

The City Manager spoke of economic development and its intention to maintain a stable employment base and improve shopping and dining amenities.

Mayor Pro Tem Peat asked about the State gas tax increase and its impact to the City's revenues.

The City Manager responded that the Fiscal Year 2017-18 gas tax would increase slightly due to a partial year benefit from Senate Bill 1. He stated that approximately $1 million is anticipated in additional City revenues because of the gas tax increase and that there would be additional competitive revenue programs that the City would pursue. He indicated that cities with a high Payment Condition Index (PCI) would receive flexibility of how to deploy the new monies. He spoke of external factors affecting economic development including the loss of the Redevelopment Agency and the impact of the great recession. He stated that the Cypress Chamber of Commerce is focused on small businesses which are a vital part of the community, however they do not generate large revenues for the City.

The City Manager reviewed economic development strategies that include marketing Cypress' brand, regional approaches, and partnerships. He stated that 7.5 percent of the assessed land value in the City is owned by five landowners in the Katella Avenue Business Park, excluding the Los Alamitos Race Course, and that the City has an opportunity to partner with those businesses. He spoke of the positive relationship with Warland and their praises of the City.

The City Manager spoke of the 2017-18 initiatives that would include retail recruitment assessment, regional consortium participation, and regional partnership with BRACE, AGENT, and SPIRIT.

Council Member Johnson spoke regarding current and future budgets considerations and complimented staff on their efforts.

Mayor Pro Tem Peat asked where the development of the 13 acre property would be categorized.

The City Manager responded that development of the 13 acre property would be included in the Cypress' brand category as it would provide amenities for surrounding business employees.

Council Member Berry asked about the fee study data.
The Assistant Director of Finance and Administrative Services responded that the fee study data would be available in late summer.

Council Member Yarc asked about cost cutting measures.

The City Manager responded that cost cutting would be included in the Strategic Plan short and long-term plans, and eventually incorporated into the Fiscal Year 2018-19 budget.

The City Manager indicated that the CIP and Technology Master Plan would be discussed at the next regular City Council meeting of May 22, 2017, and that the City Council would consider adoption of the Fiscal Year 2017-18 Budget and CIP at its meeting of June 12, 2017.

CLOSED SESSION

The City Attorney reported that the City Council would be meeting in Closed Session regarding Conference with Real Property Negotiators, pursuant to Government Code Section 54956.8, Real Property Identified by APN Numbers 241-091-22 through 26, Inclusive, 13.329 Acres Located at the Northwest Corner of Katella Avenue and Winners Circle, Parties Negotiating With: Shea Properties, Negotiating Party: City Manager, Under Negotiation: Price and Terms of Payment.

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 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
City Engineer Kamran Daddeh
City Planner Doug Hawkins
Public Works Superintendent Kirk Streets
Associate Planner Kori Sanders
Senior Civil Engineer Nick Mangkalakiri
Project Manager Alex Bangean
Associate Engineer Paul Tran
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 Moi Navarro, SeaCoast Grace 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 Workshop Session regarding the Fiscal Year 2017-18 Proposed Budget. He stated that the City Manager discussed and presented the workshop, and that this item would be brought back to the City Council at its regular meeting of June 12, 2017, for formal action and adoption.

The City Attorney reported that the City Council met in Closed Session regarding Conference with Real Property Negotiators, pursuant to Government Code Section 54956.8, Real Property Identified by APN Numbers 241-091-22 through 26, Inclusive, 13.329 Acres Located at the Northwest Corner of Katella Avenue and Winners Circle, Parties Negotiating With: Shea Properties, Negotiating Party: City Manager, Under Negotiation: Price and Terms of Payment. He stated that no reportable action was taken.

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

PRESENTATIONS

The Mayor and City Council recognized Cypress Veteran Richard Higgins.

The Director of Community Development introduced Project Manager Alex Bangean and Associate Engineer Paul Tran.

Mayor Morales presented a Proclamation to the Cypress Police Department proclaiming the week of May 14-20, 2017 as “National Police Week.”

Randall Berry, American Society of Civil Engineers, presented an award for Outstanding Flood Management Project for the Myra Pump Station No. 3.

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.

George Pardon, Cypress, spoke regarding Agenda Item No. 6 and truck parking on City property.

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. 5, the Warrant Register, includes warrant no. 42364 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. 42364 for the reason disclosed.

It was moved by Council Member Johnson and seconded by Mayor Pro Tem Peat, to approve Consent Calendar Items No. 1 through 5.

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 April 24, 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 May 14-20, 2017 as “National Police Week”

Recommendation: Proclaim the week of May 14-20, 2017 as “National Police Week.”

Item No. 4: Accept the Board of State and Community Corrections Law Enforcement Grant

Recommendation:
1. Accept the Board of State and Community Corrections law enforcement grant in the amount of $63,418.10;
2. Appropriate $63,419 in the General Fund Grants program; and
3. Increase General Fund Grants revenues by $63,419.

Item No. 5: Approve Register of Warrants, Electronic Funds Transfers and Wires Issued for the Period of April 17, 2017 through April 28, 2017

Recommendation: Approve the attached payment register summarized below for the period of April 17, 2017 through April 28, 2017:

- Warrants 42265 through 42448
- Electronic Funds Transfers 2783 through 2786
- Payroll Wire W1332

NEW BUSINESS

Item No. 6: Continued Consideration of Apartment Development at 4620 Lincoln Avenue – Design Review Committee Permit No. 3081

The City Planner provided background information on this item. He stated that revised Conditions of Approval 7.7 would read, “During daytime hours, owner shall provide onsite management personnel. For all other times, owner shall provide onsite management personnel in one of the onsite apartment units. The owner shall maintain an office within the building and it shall not be removed without prior approval by the City Council.”

Council Member Johnson asked for clarification on Conditions of Approval 7.7 regarding onsite management.

The Director of Community Development stated that there would be an onsite manager who lives there.

Council Member Berry asked for clarification on the click to enter gate entry system that would be required by the Cypress Police Department.

The City Planner responded that the click to enter gate system would allow a quicker and more efficient response time from the Orange County Fire Authority and police officers without exiting their vehicles.

Council Member Berry asked the Chief of Police if he had any concerns with the click to enter gate entry system.

The Chief of Police stated that the system would allow quicker access as it is run off of the police department vehicle radios.

Council Member Berry asked if the visual of the gate could deter crime.

The Chief of Police responded that the gate would minimize the crimes of opportunity.
Council Member Johnson asked about additional parking on Lincoln Avenue.

The Director of Community Development stated the City Engineer reviewed a segment of Lincoln Avenue and determined that there would be approximately 35 parking spaces on the south side of Lincoln Avenue.

Council Member Yarc thanked Mr. Bonanni for making additional parking accommodations.

Council Member Berry also thanked Mr. Bonanni for working with the City and making modifications to include additional parking, and stated that she prefers garages instead of carports.

It was moved by Mayor Pro Tem Peat and seconded by Council Member Johnson, to approve Site Plan Option 1.

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, to approve Design Review Committee Permit No. 3081, subject to the revised conditions of approval.

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. 6613
A Resolution of the City Council of the City of Cypress Approving Design Review Committee Permit No. 3081 - With Conditions

Mr. Bonanni thanked the City Council for its efforts and teamwork on this project.

**Item No. 7: Establish an Ad-Hoc Committee to Develop a Process for Creating a Vision for the Future of Los Alamitos Race Course**

The City Manager provided background information on this item.

The City Attorney stated that, as outlined in the Resolution, the duration of the ad-hoc committee is consistent with applicable laws.

Council Member Berry asked if the Los Alamitos Race Course would be included in the vision creating process.

The City Manager responded that the ad-hoc committee would decide whom to consult with and that the Los Alamitos Race Course could be considered.

Council Member Yarc asked if the ad-hoc committee would create the process for the vision.

The City Manager responded in the affirmative, and clarified that this item is based upon the City Council Strategic Plan.

Mayor Morales asked Mayor Pro Tem Peat and Council Member Yarc on their willingness to serve on the committee.

Mayor Pro Tem Peat and Council Member Yarc responded in the affirmative.
It was moved by Council Member Johnson and seconded by Council Member Berry, that City Council: 1) Establish a City Council Ad-Hoc Committee to develop a process for creating a vision for the future of Los Alamitos Race Course; and 2) Adopt a Resolution appointing Mayor Pro Tem Peat and Council Member Yarc to the Ad-Hoc Committee, 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. 6614

A Resolution of the City Council of the City of Cypress Establishing an Ad-Hoc Subcommittee to Develop a Process for Creating a Vision for the Future of Los Alamitos Race Course

Item No. 8: Overview of AB 2007 Concerning Youth Concussions and Implementation of Compliance Measures

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

Mayor Pro Tem Peat asked about participant non-compliance.

The City Attorney stated that the City Council could disallow participation based upon the signed agreement.

It was moved by Council Member Johnson and seconded by Council Member Berry, that the City Council receive and file the overview and implementation of compliance measures for AB 2007 concerning youth concussions.

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. 9: Approve Strategies for a Sponsorship and Partnership Program for Recreation and Community Services

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

Council Member Johnson asked if this is the first time outside sponsorship has been considered.

The Director of Recreation and Community Services spoke of program sponsorships and indicated that this item would include a marketing brochure for consistent strategies of return.

Council Member Johnson asked about the Friends of Cypress Cultural Arts (FOCCA) brick sponsorship near the Cypress Library.

The Director of Recreation and Community Services spoke in support of partnering with current active non-profit groups, as well as the arts.

Council Member Johnson spoke in support of this item and asked if this item would be implemented by staff or the Recreation and Community Services Commission.

The Director of Recreation and Community Services responded that staff would initially strategize then partner with both public and private agencies for their input. She stated that the advisory groups would eventually be vetted, as well as the public.
Council Member Yarc asked if the donations would be tax deductible.

The Director of Recreation and Community Services stated that the intention would be for the donations to be tax deductible through support of non-profit groups such as the Friends of Cypress Recreation and Parks, FOCCA, senior citizens groups, and the Cypress Children's Advocacy Council.

Mayor Pro Tem Peat asked if consideration was given for grants from private and governmental organizations.

The Director of Recreation and Community Services spoke of the availability of grants and their difficulty to obtain, and that staff would continue to seek them.

It was moved by Council Member Johnson and seconded by Mayor Pro Tem Peat, that the City Council approve the proposed strategies for a sponsorship and partnership program for Recreation and Community Services.

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: Update on Fourth of July Fireworks Celebration Planning

The Director of Recreation and Community Services provided background information and an update on this year's fireworks celebration.

The Director of Recreation and Community Services stated that fireworks on the airfield would limit VIP and Americans with Disabilities Act (ADA) parking, and create a need for increased lighting and a charge for public parking. She stated that another meeting with military officials would be held on May 15, 2017.

Council Member Yarc asked about the pursuit of alternate locations.

The Director of Recreation and Community Services responded in the affirmative, and stated that an alternate site would not be a joint venture with other cities and restrictions would include a ground show or smaller firework shells due to fallout zone requirements.

Council Member Yarc spoke of low residency attendance at past fireworks celebrations.

The Director of Recreation and Community Services stated that an informal residency count was done by the parking attendants and the Cypress residency was approximately 15 percent.

Council Member Berry asked about loss of use of the airfield.

The Director of Recreation and Community Services indicated that the airfield restrictions were brought on by changes of leadership and the heightened security climate of the United States and the world, and that the Joint Forces Training Base stated that non-aviation uses on the airfield would no longer be allowed.

Council Member Berry asked if Plan B would accommodate food trucks as done last year.

The Director of Recreation and Community Services indicated that some food vendors have already been secured and that they would be placed along the curve near the stage and the general seating, and that most of the food vendors would be booths.

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

None.
COUNCIL MEMBER REPORTS AND REMARKS

Item No. 11: Consideration of Participation in the Orange County Task Force on Drowning Prevention

Council Member Johnson provided background information on this item.

The Director of Recreation and Community Services discussed water safety efforts by the City that include a Learn to Swim Program during the summer months and the distribution of drowning prevention educational materials to recreational program participants and throughout the community. She spoke of other outreach efforts that include partnership with local homeowner’s associations and the Cypress Library.

Orange County Fire Authority Division Chief Steffen stated that the OCFA partners with each of the contracted cities to provide outreach and summer swim programs. He stated that the Orange County Task Force was established in 2015 due to an increase in drowning fatalities.

Council Member Johnson asked about multi-language literature.

Chief Steffen responded that literature is provided in multiple languages.

Council Member Johnson spoke in favor of Cypress’ support to the Task Force and asked about available funding.

The City Manager stated that if the City Council direction is to provide funding support, that funding be allocated in the Fiscal Year 2017-18 Budget.

It was moved by Council Member Johnson and seconded by Council Member Berry, that the City Council approve funding in the amount of $5,000 in the Fiscal Year 2017-18 budget for the Orange County Task Force on Drowning Prevention.

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

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

Council Member Johnson:

Attended the Donate Life fundraiser at California State University, Fullerton. Participated in the waste collection event at City Hall. Attended the Cottonwood Church Nature Park cleanup. Attended the Cypress Police Department Open House.

Council Member Yarc:

Attended the going-away for Recreation Superintendent Dena Diggins. Attended an Orange County Sanitation District Board meeting. Attended a Cypress College Foundation Board meeting. Attended a planning meeting for the Women’s Conference. Attended the 50th anniversary of Earth Friendly Products. Attended the Quartermania fundraiser for the Woman’s Club of Cypress. Attended a Woman’s Club of Cypress meeting.

Council Member Berry:

dinner and played bingo at the Veterans Hospital in Long Beach. Attended the groundbreaking for Fire Station 61 in Buena Park. Toured the San Andreas Fault with SCAG. Attended the SCAG General Assembly in Palm Desert. Attended the Father/Daughter Dance at the Cypress Community Center. Attended the Cypress Police Department Open House. Attended the 11th Military Police Brigade Change of Command at the Joint Forces Training Base.

Mayor Pro Tem Peat:


Mayor Morales:

Along with Mayor Pro Tem Peat, met with members of the community regarding concerns. Attended the Rising Stars and FOCCA Awards program. Attended the 50th anniversary of Earth Friendly Products. Attended the SCAG General Assembly in Palm Desert. Attended an event hosted by the Southern California Gas Company at the Honda Center.

CITY MANAGER REMARKS

No items.

ADJOURNMENT

Mayor Morales adjourned the meeting in memory of Cypress resident Mary Crowder at 8:27 p.m. to an adjourned Regular Meeting, to be held on Monday, May 22, 2017, beginning at 5:30 p.m. in the Executive Board Room.

ATTEST:

MAYOR OF THE CITY OF CYPRESS

CITY CLERK OF THE CITY OF CYPRESS