A regular meeting of the Cypress City Council was called to order at 7:00 p.m. by Mayor Morales in the Council Chambers, 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
Chief of Police Rodney Cox
Director of Community Development Doug Dancs
Director of Recreation and Community Services June Liu
City Engineer Kamran Dadbeh
City Planner Doug Hawkins
Public Works Superintendent Kirk Streets
Senior Civil Engineer Nick Mangkalakiri
Assistant Director of Finance and Administrative Services Donna Mullally
Assistant Planner Judy Aquino
Human Resources Analyst Regina Nguyen
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 Pastor Gabriel Rodriguez, Cottonwood Church.

PRESENTATIONS

The Chief of Police introduced Police Officer Maxwell Smith.

Colleen Janssen and Veena Narain, Woman's Club of Cypress, presented a donation of hand held stop signs.

Anne Silavs, Superintendent, and Brian Nakamura, Trustee President, Cypress School District, provided an update on the school district.

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.

Pat O'Toole, Cypress, spoke regarding the smoke alarm installation at Tanglewood Homeowners Association on June 3, 2017.

Ed Kraemer, Cypress, spoke regarding Agenda Item No. 20.
Mark Kerslake, Barton Place, spoke regarding Agenda Item No. 20.

PUBLIC HEARINGS
Public comments – five minutes per speaker, unless extended by the City Council.

Council Members should disclose communications with anyone relevant to a Public Hearing

Item No. 1: Request to Change the Hours of Operation for the Ramen Zetton Restaurant at 5721 Lincoln Avenue – Conditional Use Permit No. 3094

The Assistant Planner provided background information on this item.

Council Member Johnson asked about the State Department of Alcoholic Beverage Control license.

The Assistant Planner stated that the Alcoholic Beverage Control license was approved by the City Council in February 2017.

Council Member Johnson asked about Police Department concerns.

The Chief of Police responded that there have been no concerns or calls.

The applicant, Kenny Morita, stated that he agreed with the conditions of approval.

The public hearing was opened.

The public hearing was closed.

Council Member Yarc asked about the restaurant opening at 9:00 a.m. and if alcohol would be served all day.

Mr. Morita responded no, and clarified that the license allows alcohol to be served between the hours of 9:00 a.m. to midnight.

It was moved by Council Member Johnson and seconded by Mayor Pro Tem Peat, to approve Conditional Use Permit No. 3094, subject to the attached conditions.

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. 6618
A Resolution of the City Council of the City of Cypress Approving Conditional Use Permit No. 3094 - With Conditions

Item No. 2: Approve Extended Loading Hours for 6550 Katella Avenue and 11130 Holder Street – Amendment to Conditional Use Permit No. 81-4

The Director of Community Development stated that this item has been continued by request of the applicant.

The public hearing was opened.

It was moved by Council Member Yarc and seconded by Council Member Johnson, to continue this item to the June 26, 2017 City Council meeting.
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

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. 17, the Warrant Register, includes warrant no. 42695 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. 42695 for the reason disclosed.

It was moved by Council Member Johnson and seconded by Mayor Pro Tem Peat, to approve Consent Calendar Items No. 3 through 17.

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. 3: Approve Minutes – Meetings of May 22 and June 5, 2017

Recommendation: Approve as submitted.

Item No. 4: Introduce and/or Adopt All Ordinances and Resolutions Presented for Consideration by Title Only and to Waive Further Reading

Item No. 5: Recognize the 242nd Birthday of the United States Army on June 14, 2017

Recommendation: Recognize the 242nd Birthday of the United States Army on June 14, 2017.

Item No. 6: Appoint Carlos Espinosa to the Recreation and Community Services Commission

Recommendation: Appoint Carlos Espinosa to the Recreation and Community Services Commission.

Item No. 7: Award Police Towing and Storage Contract

Recommendation: Award a three year Police Towing and Storage Contract to Russell’s Towing with a City option for two one-year extensions.

Item No. 8: Accept Donation of Hand Held Stop Signs from the Woman’s Club of Cypress

Recommendation: Accept the donation of 12 hand held stop signs from the Woman’s Club of Cypress.

Item No. 9: Award Contracts for Annual Overlay, Project 178

Recommendation:
1. Approve Plans and Specifications for the Annual Overlay, Project 178; and
2. Award a contract to All American Asphalt, Corona, CA, for $520,000, and authorize a contingency of $78,000; and
3. Approve a Task Order for Construction Inspection Services to Vali Cooper and Associates, Inc., for $47,180, and authorize a contingency of $7,000.

**Item No. 10: Approve Contract Services Agreement for On-Call Construction Management and Inspection Services**

**Recommendation:** Approve contract services agreements for on-call construction management and inspection services to AKM Consulting Engineers (AKM), AndersonPenna Partners, Inc., and Vali Cooper and Associates, Inc. (VCA).

**Item No. 11: Approve the City Engineer's Report and Renew Cypress Corporate Center Landscape Maintenance District No. 1 (Stanton Channel Berm)**

**Recommendation:**

1. Adopt the Resolution declaring the City Council's intention to order the renewal of Cypress Corporate Center Landscape Maintenance District No. 1 for the maintenance of the landscaping and irrigation system on the berm on the north side of the Stanton Channel; and


**Resolution No. 6619**

A Resolution of the City Council of the City of Cypress, California, Declaring Its Intention to Order the Renewal of Cypress Corporate Center Landscape Maintenance District No. 1 for Fiscal Year 2017-18, Pursuant to the Landscaping and Lighting Act of 1972, and Fixing a Time and Place for Hearing Objections Thereto

**Resolution No. 6620**

A Resolution of the City Council of the City of Cypress Approving the City Engineer's Report Dated May 15, 2017 in Connection with the Renewal of Cypress Corporate Center Landscape Maintenance District No. 1

**Item No. 12: Establish Position Classifications in the Human Resources Division and the Police Department**

**Recommendation:**

1. Approve classification specifications for Human Resources Administrator, Community Outreach Officer and Investigative Assistant I/II;

2. Adopt a Resolution amending Resolution 6589 to establish salary ranges for Mid-Management employees;

3. Adopt a Resolution amending Resolution 6455 to establish salary ranges for employees in the Cypress Employees' Association (CEA); and

4. Adopt a Resolution amending Resolution 6598 to establish salary ranges for Temporary Part-Time employees.

**Resolution No. 6621**

A Resolution of the City Council of the City of Cypress and Acting as Ex-Officio Governing Board of Directors of the Cypress Recreation and Park District Amending Resolution No. 6589 Establishing Salary Ranges for Mid-Management Positions
Resolution No. 6622

A Resolution of the City Council of the City of Cypress and Acting as Ex-Officio Board of Directors of the Cypress Recreation and Park District, Revising the Class Specification of Community Outreach Officer and Reclassifying to Full-Time and Amending Resolution No. 6455 to add the Classification of Community Outreach Officer to the Cypress Employees’ Association Memorandum of Understanding

Resolution No. 6623

A Resolution of the City Council of the City of Cypress and Acting as Ex-Officio Board of Directors of the Cypress Recreation and Park District, Establishing the Part-Time Classification of Investigative Assistant I/II, Modifying the City’s Classification Plan and Establishing Compensation for the Part-Time Classification of Investigative Assistant I/II by adding the Position to the Temporary Part-Time and Seasonal Employees Hourly Pay Range Schedule

Item No. 13: Approve the Fiscal Year 2017-18 Appropriation Limit

Recommendation: Adopt a Resolution establishing the City’s Fiscal Year 2017-18 Appropriation Limit.

Resolution No. 6624

A Resolution of the City Council of the City of Cypress Establishing the City’s Appropriations Limit for the 2017-18 Fiscal Year

Item No. 14: Approve the Cypress Recreation and Park District’s Fiscal Year 2017-18 Appropriation Limit

Recommendation: Adopt a Resolution Establishing the Cypress Recreation and Park District’s Fiscal Year 2017-18 Appropriation Limit.

Resolution No. 6625

A Resolution of the City Council of the City of Cypress, Ex Officio Governing Board of Directors of the Cypress Recreation and Park District, A Subsidiary District of the City of Cypress Establishing the Cypress Recreation and Park District’s Appropriations Limit for the 2017-18 Fiscal Year

Item No. 15: Award a Contract for Independent Auditing Services

Recommendation: Award a contract for $150,886 to Lance, Soll & Lunghard, LLP to perform annual auditing services for the fiscal years ended June 30, 2017 through June 30, 2019, with an option to extend the contract for an additional two-year term.

Item No. 16: Adopt Annual Statement of Investment Policy

Recommendation: Adopt a Resolution approving the Annual Statement of Investment Policy.

Resolution No. 6626

A Resolution of the City Council of the City of Cypress, and Acting as the Ex Officio Governing Board of Directors of the Cypress Recreation and Park District, Adopting the Annual Statement of Investment Policy

Item No. 17: Approve Register of Warrants, Electronic Funds Transfers and Wires Issued for the Period of May 15, 2017 through May 26, 2017
Recommendation: Approve the attached payment register summarized below for the period of May 15, 2017 through May 26, 2017:

- Warrants 42597 through 42779
- Payroll Wire W1335

NEW BUSINESS

Item No. 18: Adopt the Fiscal Year 2017-18 Budgets for the City of Cypress and the Cypress Recreation and Park District

The Director of Finance and Administrative Services provided background information on this item.

Council Member Yarc expressed concerns with regard to lowering the investment in infrastructure, and suggested other reductions such as staff, technology, and/or other programs. She commented that it would be nearly impossible to recover from infrastructure failure. She asked if the Capital Improvement Program (CIP) budget would remain the same.

The Director of Finance and Administrative Services stated that the CIP budget for Fiscal Year 2017-18 would largely remain the same with the same amounts set-aside and appropriated for spending.

Council Member Berry asked for clarification on budgeting for street and tree projects and the Police Department remodel.

The Director of Finance and Administrative Services stated that there are changes in last year's budget and this year's budget, but the amount being set aside for future infrastructure funding is not currently being decreased.

Council Member Yarc asked if CIP spending would be the same as last fiscal year.

The Director of Finance and Administrative Services stated that the concrete budget decreased from the prior year, however the amount still exceeds the minimum funding based on City Council policy.

Council Member Yarc asked about the necessity of the Police Department remodel.

The Director of Community Development stated that, as per City Council policy, approximately $800,000 has been allocated from the General Fund for street rehabilitation. He stated that beginning in Fiscal Year 2018-19, a $300,000 spending reduction is recommended and would remain in the CIP fund balance.

Council Member Berry clarified that there would not be a reduction in street resurfacing this fiscal year.

The Director of Community Development responded in the affirmative, and clarified that the same amount of funding is being spent on residential street repaving as last year. He stated that concrete projects have been reduced by $467,000 and the funds would remain in infrastructure reserves.

The City Manager stated the Police Department remodel is still recommended to the City Council as part of the CIP. He stated that the project began with an assessment of its inability to survive a major earthquake and its seismic survivability. He indicated that there has been no major reinvestment in the building since the late 1980's and it is an inefficient workspace, and the project would produce a good return in terms of efficiency and effectiveness.

Council Member Johnson asked if street slurry and concrete would be delayed from being done every five years to every seven to eight years.
The Director of Community Development responded that slurry seal is done in an approximate five to seven year cycle, based on an engineering judgement. He stated that street improvements could potentially be pushed back two years.

Council Member Johnson asked if the funding could be used should there be a need.

The Director of Community Development responded in the affirmative, and clarified that engineering judgement would still be used.

Mayor Pro Tem Peat spoke of positive revenue impacts to the budget that include potential sales tax benefits from the development of the 13 acre project and tenants in vacant businesses.

The Director of Finance and Administrative Services stated active revenue enhancements are continuously being sought.

Mayor Pro Tem Peat asked if the City increased its expenditure on concrete infrastructure upgrades approximately 10 years ago.

The Director of Community Development responded in the affirmative, and stated that additional funding is available in the infrastructure reserve funds to address the tree policy and curb ramps required by the Americans with Disabilities Act (ADA).

Mayor Pro Tem Peat asked about the lifespan of concrete projects.

The Director of Community Development stated that concrete could sustain approximately 50 to 75 years as long as there is no tree root damage or bad soil.

It was moved by Mayor Pro Tem Peat and seconded by Council Member Johnson, to: 1) Adopt a Resolution approving the City’s Fiscal Year 2017-18 Budget; and 2) Adopt the Cypress Recreation and Park District’s Fiscal Year 2017-18 Budget.

The motion was carried by the following roll call vote:

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

Resolution No. 6627

A Resolution of the City Council of the City of Cypress Approving the Annual Budget for the Fiscal Year Commencing July 1, 2017 and Fixing the Limitations of Expenditures for the Several Funds and the Functions, Departments, and Activities Carried on Under Such Funds

Item No. 19: Approve the Seven-Year Capital Improvement Program

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

Council Member Berry expressed concerns with regard to streets degrading and tree planting deferral, and community standards and expectations. She spoke regarding the timing of the Police Department remodel due to other budgetary concerns.

Council Member Yarc asked about the infrastructure reserve decrease.

The City Manager indicated that the amount is what is being spent from the reserve not the balance.

Council Member Yarc asked if $1 million from the infrastructure reserve balance is being spent in Fiscal Year 2016-17 and $550,000 in Fiscal Year 2017-18.

The City Manager responded in the affirmative.
Council Member Yarc asked where the same amount of money is reflected in the CIP.

The Director of Community Development stated that $467,000 will stay within the infrastructure reserve fund.

The Director of Finance and Administrative Services responded in the affirmative, and stated that the infrastructure reserve fund would be used for future infrastructure and that no monies would be removed from that fund. He indicated that the goal is to make the monies in the fund sustain for a longer amount of time and that approximately $40 million is projected to be available at the end of the seven-year timeframe.

The City Manager indicated that the information presented reflects the amount of spending proposed each year. He stated that spending on concrete projects is unchanged over the seven-year period and funded through accumulated reserves, and that the staff recommendation is to spend those reserves more slowly.

The City Manager stated that future Strategic Plan objectives would include short and long-term strategies to address the unfunded budget in order to maintain the reserves as cash rather than invest in projects because once the funds are spent, the City Council loses the flexibility to deploy them or use them in some other manner.

Council Member Yarc asked if money is still being put in the infrastructure reserve fund.

The City Manager responded in the affirmative, and stated that the amount of money set aside for infrastructure is unchanged from Fiscal Year 2016-17 to the proposed Fiscal Year 2017-18 budget. He indicated that the staff recommendation is to spend less and hold the funds in the reserve for Fiscal Year 2017-18.

Council Member Yarc asked if the City Council would authorize the expenditure.

The City Manager responded in the affirmative.

It was moved by Mayor Pro Tem Peat and seconded by Council Member Johnson, to: 1) Determine that the Capital Improvement Program is consistent with the General Plan; and; 2) Adopt a Resolution approving the Seven-Year CIP.

The motion was carried by the following roll call vote:

AYES: 3 COUNCIL MEMBERS: Johnson, Peat and Morales
NOES: 2 COUNCIL MEMBERS: Berry and Yarc
ABSENT: 0 COUNCIL MEMBERS: None

Resolution No. 6628

A Resolution of the City Council of the City of Cypress Approving the Seven-Year Capital Improvement Program for Fiscal Years 2017-18 through Fiscal Year 2023-2024

Item No. 20: Approve a 50% Private Open Space Credit Toward Park and Recreation In-Lieu Fees for the Barton Place Senior Housing Development

The City Planner provided background information on this item.

Council Member Johnson asked about required on-site recreational areas and the Quimby Act requirements for prior developers.

The City Planner stated that based on the municipal code for developments that are 50 or fewer parcels, the City can only require the in-lieu park fee and cannot require that the developer dedicate land. He stated that the Bonanni projects and prior similar projects are one-lot subdivisions and only one parcel.

Council Member Johnson asked if the Barton Place development is a subdivision.
The City Planner responded the affirmative, and clarified that the project consists of eight parcels and the City could require the in-lieu park fee and not the dedication of land.

The Director of Community Development stated that recent projects that have come before the City Council are not subdivisions and not covered by the Quimby Act.

Council Member Johnson asked if the senior taxi voucher program would be provided from the development to City programs and activities.

The Director of Recreation and Community Services spoke regarding social and health resources available at the Cypress Senior Citizens Center, and indicated that the senior taxi voucher program is income, age, and special needs specific.

Council Member Johnson asked about recreational amenities at the development.

The City Planner responded that the development would include a clubhouse, swimming pool and spa, barbecue area, outdoor seating area, and various amenities.

Council Member Berry asked if this is the first time a developer has requested an open space credit.

The Director of Community Development responded in the affirmative.

Council Member Berry asked for a comparison of State law versus the City municipal code.

The City Attorney stated that the development is eligible for a credit for a private recreation space based on State statute in the Quimby Act in order to provide an incentive to developers to build a private space with less of a burden on the City facility. He spoke regarding a published court of appeal decision that gives cities some flexibility with the flexibility is determined by an ordinance. He stated that based on the City's 1976 municipal code provision caps, the fee is at 50 percent so the City does retain the remaining 50 percent. He indicated that staff did conclude that the standards have been met and that in order to deny the 50 percent, there would have to be determination that it is not within the public interest. He stated that the staff recommendation is that that finding has not been met and that the 50 percent cap is consistent with applicable State law, and if the City Council does not agree with the recommendation, this item would be continued for further assessment.

Council Member Berry asked what the open space credit could be used for.

The Director of Community Development indicated that the open space credit must be used for park facilities to serve a nexus for the development.

Council Member Berry asked if the open space credit would be used for the Cypress Senior Citizens Center.

The Director of Community Development stated that the open space credit would likely be used for new, not existing, parks and facilities.

The City Attorney stated that an assessment on the Cypress Senior Citizens Center could be done to show that with the $4 million of amenities there is a burden beyond the $976,000 that they pay even with the 50 percent credit. He stated that it is recommended to apply the credit.

Council Member Berry stated that the residents would likely utilize the Cypress Senior Citizens Center and that efforts should be made for the credit to be applied to the Cypress Senior Citizens Center. She asked if staff had approached the applicant about taking a lesser credit.

The City Attorney stated that he met with their legal counsel and negotiated for a substantial credit reduction, and it did not seem viable based upon the analysis.
Council Member Johnson asked if the credit would be more than 50 percent because of the club house addition.

The Director of Community Development stated that C33, LLC would provide an 80 percent credit and the facilities that are to be built.

Mayor Pro Tem Peat asked about the City's 50 percent cap.

The City Attorney stated that the 50 percent cap is based on the City's 1976 Municipal Code provision.

Mayor Pro Tem Peat asked if the 50 percent cap could be reevaluated for future projects.

The City Attorney responded in the affirmative, and clarified that this project falls within the 50 percent cap, however for future projects the City could evaluate the amount of park fees, do an analysis, and consider a more complex formula based on State law.

Mayor Pro Tem Peat asked if the project would have a homeowner's association and if those dues would be used for facility maintenance.

The City Planner responded in the affirmative.

Mayor Pro Tem Peat asked if the homeowners would pay City property tax.

The City Planner responded in the affirmative.

Mayor Pro Tem Peat asked if the homeowners would get a property tax discount for their homeowner's association dues.

The City Planner responded no.

Mayor Pro Tem Peat asked if the homeowners would pay for the private facility, as well as use of public facilities.

The City Planner responded in the affirmative.

Mayor Morales stated that the $8,000 per unit park fee is insufficient compared to surrounding cities, however it is within the law.

It was moved by Mayor Pro Tem Peat and seconded by Council Member Johnson, to approve the 50% private open space credit of $976,000 for C33, LLC (Barton Place).

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)

Ed Kraemer, Cypress, spoke regarding Agenda Item No. 20 and the City budget.

Mike Papa, Cypress, spoke regarding Agenda Item No. 20 and employee pensions.

Mark Kerslake, Barton Place, spoke regarding Agenda Item No. 20 and offered a donation of $100,000 to the Cypress Senior Citizens Center.

**COUNCIL MEMBER REPORTS AND REMARKS**

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


Council Member Yarc:


Council Member Berry:


Mayor Pro Tem Peat:

Attended the Memorial Day event at Cypress Forest Lawn. Attended a City/Cypress College Ad Hoc Committee meeting. Toured Mackay Park. Participated in the City Commission interviews. Attended the ribbon cutting for Fisherman's Market and Grill. Met with Cypress resident Mr. Papa.

Mayor Morales:

Attended the United Health Care Memorial Day flag display along Katella Avenue. Attended the Precious Life Shelter groundbreaking. Attended an OCCOG City Selection Committee meeting. Participated in the Special Olympics Torch Run.

CITY MANAGER REMARKS

The City Manager informed of the Cypress Chamber of Commerce Business Awards and Installation dinner to be held on June 21, 2017.

ADJOURNMENT

Mayor Morales adjourned the meeting in memory of Cypress resident Susan Yip at 8:49 p.m. to an adjourned Regular Meeting, to be held on Monday, June 26, 2017, beginning at 5:30 p.m. in the Executive Board Room.

ATTEST:

CITY CLERK OF THE CITY OF CYPRESS