

MINUTES

GARDEN GROVE CITY COUNCIL

A Special Meeting of the City Council of the City of Garden Grove was called to order in the Council Chamber of the Community Meeting Center, 11300 Stanford Avenue, on Tuesday, May 29, 2007, at 5:34 p.m.

ROLL CALL: PRESENT: (5) MAYOR DALTON, COUNCIL MEMBERS
BROADWATER, JONES, NGUYEN, ROSEN

ABSENT: (0) NONE

PUBLIC INPUT ON CLOSED SESSION ITEM

There was no input from the public concerning the Closed Session item.

ADJOURN TO CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – Pursuant to Government Code Section 54956.9(a) – Pending Litigation (Litigation to which local agency is a party and has been initiated formally.)

City Council closed session to confer with Legal Counsel regarding pending litigation, Garden Grove Downtown Business Association v. City of Garden Grove, Garden Grove Agency for Community Development, et al., Pending in Orange County Superior Court (OCSC), Case No. 07CC 02021, filed January 22, 2007.

RECONVENE

At 6:14 p.m., the meeting was reconvened in the Council Chamber, and it was announced that the matter previously disclosed was discussed and no reportable action was taken.

RECESS

At 6:15 p.m., the Mayor declared a recess.

RECONVENE

At 6:40 p.m., the meeting was reconvened in the A & B Room with Mayor Dalton and all Council Members present.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

Council Member Broadwater led the Pledge of Allegiance to the Flag of the United States of America.

ORAL COMMUNICATIONS - PUBLIC

Bob Owens addressed the City Council regarding the City Council's trip to the ICSC Conference in Las Vegas. He further commented on diverting redevelopment funds to lower taxes and to pay for roads and fire and police protection. (F: 53.3)

PUBLIC HEARING TO CONSIDER PROPOSED ADJUSTMENTS IN WATER RATES AND CHARGES (F: 112.16) (XR: 24.12) (XR: 60.2)

Staff report dated May 29, 2007, was introduced.

A presentation was given by Keith Jones, Director of Public Services; Richard Mathis, Water Services Manager; and Ann Bui, Black & Veatch representative. The City of Garden Grove's Water Division has not had a rate increase since 2001. Staff indicated several routine and capital improvement projects have been curtailed, and permanent and temporary cost reduction measures have been implemented, to address the negative cash flow to the water enterprise for the past three years. Staff further reported if issues are not addressed, there is high possibility of catastrophic system failure and the City would be failing to comply with Federal and State Mandates. Also, the City would be in danger of violating bond covenants, as well as jeopardizing receivership.

RECESS

At 7:50 p.m., the Mayor declared a recess.

RECONVENE

At 7:58 p.m., the meeting was reconvened with Mayor Dalton and all Council Members present.

PUBLIC HEARING TO CONSIDER PROPOSED ADJUSTMENTS IN WATER RATES AND CHARGES (CONTINUED) (F: 112.16) (XR: 24.12) (XR: 60.2)

At 7:58 p.m., the meeting was reconvened with Mayor Dalton and all Council Members present.

In response to Council Member Broadwater's question on the effective date of the new rates, staff indicated that it would be sometime in August 2007.

Mayor Dalton declared the public hearing opened and asked if anyone wished to address the City Council on the matter. He suggested to those companies with more than one representative in attendance that a spokesperson be chosen to speak for the entire group.

David Lautherboren, Don Gordon, Ann Wyatt, Dawn Neilsen, Don Switzler, Jon Wilmes, Donald Spencer, Joy McLearn, Peggy Bergin, Janine Fowler, Bill Knitter, David Vill, Russ McDonald, Barbara Barker, Bob Freeman, Beatrice Jones, Robert Servis, Allan Cronk, Robin Marcario, Bob Owens, George Brietigam, Charles Mitchell, Steve Smith, Tony Flores, and Harry Pearce addressed the City Council protesting the proposed water rate adjustment. Several concerns and questions were raised, including the hardship a rate increase would place on residents, especially those on fixed incomes; the effect on lawn maintenance; the dangers of using a chlorine gas system; why the situation hasn't been addressed sooner, urging that responsible staff members be held accountable; and lack of communication to the residents on the seriousness of the situation. Suggestions included seeking alternative funding sources; changing to a monthly billing cycle; and offering a lifeline rate for seniors.

Ellis Chang, Yung Suh, Robert Lee, and Armando Becerra addressed the City Council on behalf of US Dyeing and Finishing, Inc., regarding the negative impact increased water rates would have on their company, urging that alternatives be considered.

Ray Grangoff, Julia Araiza, Michael Chew, John Konwiser, Ronald Berg, and Christine O'Connor addressed the City Council on behalf of apartment owners/managers, urging the tiered system be reconsidered, indicating it is unfair for apartment dwellers to pay a higher rate.

There being no further comments from the audience, the public hearing was declared closed.

RECESS

At 9:40 p.m., the Mayor declared a recess.

RECONVENE

At 10:00 p.m., the meeting was reconvened with Mayor Dalton and all Council Members present.

PUBLIC HEARING TO CONSIDER PROPOSED ADJUSTMENTS IN WATER RATES AND CHARGES (CONTINUED) (F: 112.16) (XR: 24.12) (XR: 60.2)

Council Member Broadwater stated the use of the chlorine system should be changed immediately. If need be, discussions need to be held to find revenue sources to insure the changes happen quickly. He further commented when he left the City Council two and half years ago, the Water Enterprise Fund was not a problem, and the sewer maintenance had been addressed.

Council Member Rosen commented that each year through the budget process, staff has reported the insufficient funds in the Water Enterprise Fund; however, the sewer maintenance fee was in worse shape and was dealt with first. Now is the time to address the water fund.

Council Member Rosen further stated that by law, the Water Enterprise Fund must be self-sufficient, and if the City does not take action, fines against the City may be assessed. He suggested that a committee of community members representing different interest groups affected by this rate adjustment meet with staff to further discuss the proposed rate adjustments. He recommended a member of the Board of Realtors, the Apartment Association, Connie Margolin from the Chamber of Commerce, and Robin Marcario from CGGNA be included on the committee.

In a question and answer time, staff addressed Council Members' questions as well as those raised during the public hearing portion of the meeting.

Regarding a lifeline rate for senior citizens, the City Attorney responded that under Proposition 218, rates charged could only be for the cost of service. It would be inappropriate for a rate payer to subsidize other rate payers.

Council Member Rosen clarified that the figures used in the presentation were estimates on what the capital improvement project

could cost. Each project would go out to bid, insuring the City is using the funds wisely. If a project should come in below estimates, those budgeted funds could be applied to other projects.

Regarding the age of the pipes, the older pipes consist of more than just the fire lines. Two existing systems were incorporated under the City's water system in 1956. In addition, standards have changed; originally, four inch pipes could be used, where six inch pipes are now the standard.

In responding to comments made for additional studies, Mayor Dalton cited Black & Veatch's record, indicating that they are a nationally recognized company, and number one in their field. A second study would only confirm what Black & Veatch has already discovered, and would cause a delay in starting the program.

To the concerns raised on new development creating a drain on the City's water system, developers are charged a fee for each development, as well as having to comply to specific conditions required by the City to build construction projects according to code.

Mayor Dalton empathized with the residents who spoke and those sending in protests. However, not to address the situation would be unreasonable. Rates need to be raised. These problems will not get better. Steps need to be taken to mitigate the consequences.

To the concerns raised by the apartment owners/managers regarding the tiered system and the unfairness to apartment dwellers, staff indicated that with the data obtained through the installation of new meters, water usage would be measured more accurately. This, however, would not insure the water bill would be less; just that the measurement would be more accurate. Customers may be surprised by an increase in their bill with the new meters reading what they actually are using.

Council Member Nguyen asked if the rate increase to the tiered rates would be different than the 64 percent presented, to which staff indicated no, 64 percent is across the board no matter what tier.

In response to Council Member Nguyen's inquiry on how much a second study would cost and the length of time it would take to complete, staff indicated the cost would be approximately \$120,000 and would take up to three months to complete.

Council Member Rosen requested staff provide information on how the formula of 30, 20, 10, 10 percent increases would affect the changes staff has proposed.

Council Member Nguyen commented that a second study would be a good investment to assure the citizens that the course of action the City Council chooses is the right one.

Council Member Rosen disagreed with Council Member Nguyen, citing Black & Veatch's excellent credentials in their field. What the City needs is an in-flow of cash to make the necessary changes and start the capital improvements. He didn't feel it was necessary to spend an additional \$120,000 to delay this decision. The figures have been determined, and the final decision is scheduled for June 12.

In response to Mayor Dalton's question on changing how the percentages will be applied and public hearing re-noticing, the City Attorney indicated that as long as the City Council keeps the accumulative amount under what was noticed, under Proposition 218, the rate adjustment would not have to be re-noticed.

Several Council Members indicated that no politician wants to be known to have raised rates or taxes. However, it is the City Council's responsibility to protect the city's infrastructure.

Mayor Dalton directed staff to meet with community representatives to discuss the proposed rate adjustments further; and that consideration of an Ordinance with proposed adjustments will be listed on the June 12, 2007, City Council agenda.

Council Member Nguyen stated that her request for a second opinion was not a negative reflection on the consultant or their work. She felt that the problem is important enough to get a second opinion.

The Deputy City Clerk read into the record: The City Clerk's Office, as of 5:30 p.m., May 29, 2007, had received a total of 197 protests. Since 5:30 p.m., an additional 11 protests were received. There are 34,004 parcels in the city. As a result, there has not been a submittal of a majority protest.

ADJOURNMENT

At 10:48 p.m., the meeting was declared adjourned.

KATHLEEN BAILOR
DEPUTY CITY CLERK