



# Minutes

## Lakewood City Council

Regular Meeting held  
January 22, 2013

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MEETING WAS CALLED TO ORDER at 7:30 p.m. by Mayor DuBois in the Council Chambers at the Civic Center, 5000 Clark Avenue, Lakewood, California.

INVOCATION was offered by Dr. John C. Bonner, Chaplain Emeritus to the City Council

PLEDGE OF ALLEGIANCE was led by Camp Fire Greater Long Beach - Horizon Club

ROLL CALL: PRESENT: Mayor Diane DuBois  
Council Member Ron Piazza  
Council Member Todd Rogers  
Council Member Jeff Wood  
ABSENT: Vice Mayor Steve Croft (excused)

### ADMINISTRATION OF OATH OF OFFICE

The City Clerk administered the Oath of Office to newly appointed Council Member Ron Piazza.

Council Member Piazza assumed his seat at the dais. He introduced the members of his family present in the audience, including his wife, Nancy, and daughter and son, Vicky and Steve. He stated he was honored and humbled by his appointment to fill the unexpired term of Larry Van Nostran, and that while no one was capable of replacing Larry, he intended to work hard and put the needs of Lakewood's residents first.

### ROUTINE ITEMS:

Mayor DuBois announced that Routine Item 1 would be considered separately.

COUNCIL MEMBER WOOD MOVED AND COUNCIL MEMBER PIAZZA SECONDED TO APPROVE ROUTINE ITEMS 2 THROUGH 7.

RI-2 Approval of Personnel Transactions

RI-3 Approval of Registers of Demands

RI-4 Approval of Emergency Water Renewal Agreement with DS Waters of America

RI-5 Approval of Report of Monthly Investment Transactions

RI-6 Approval of Quarterly Schedule of Investments

**ROUTINE ITEMS: Continued**

RI-7 Approval of Amendment to Informational Technology Services Agreement with BreaIT

UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piazza, Wood, Rogers and DuBois

NAYS: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: Croft

RI-1 Approval of Minutes of the Meetings held December 11, December 18, and December 27, 2012

COUNCIL MEMBER ROGERS MOVED AND COUNCIL MEMBER WOOD SECONDED TO APPROVE ROUTINE ITEM 1. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Wood, Rogers and DuBois

NAYS: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: Piazza

ABSENT: COUNCIL MEMBERS: Croft

**3.1 • APPOINTMENTS TO CITY COUNCIL STANDING COMMITTEES**

City Manager Howard Chambers made a brief presentation based on the memo in the agenda and stated that the passing of Council Member Larry Van Nostran had left vacancies on both the City Council's Public Safety Committee and the Water Resources Committee. It was the recommendation of staff that the Mayor and City Council make appointments to these Committees.

Mayor DuBois stated that she intended to appoint Council Member Piazza to fill the vacancy on both Committees.

MAYOR DUBOIS MOVED AND COUNCIL MEMBER ROGERS SECONDED TO APPOINT COUNCIL MEMBER PIAZZA TO SERVE ON THE CITY COUNCIL PUBLIC SAFETY COMMITTEE AND THE CITY COUNCIL WATER RESOURCES COMMITTEE. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piazza, Wood, Rogers and DuBois

NAYS: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: Croft

**3.2 • ANNUAL REVIEW OF CITY INVESTMENT POLICY**

Administrative Services Director Diane Perkin displayed slides and gave a presentation based on the memo in the agenda. She reported that the City's Investment Policy was submitted for review and approval by the City Council annually. She stated that the Policy, last revised in

### 3.2 • ANNUAL REVIEW OF CITY INVESTMENT POLICY

January, 2012, continued to meet the objectives of Safety, Liquidity and Yield in the investment of public funds. She advised that the contract investment manager, Public Financial Management (PFM), continued to perform well and that their services paid for themselves within the first month of the contract in the form of higher yields than could be realized through self-management. It was the recommendation of staff that the City Council approve the Investment Policy and continue the contractual relationship with PFM.

Council Member Rogers stated that he appreciated staff and the professional assistance, noting the yield showed that the contract was worthwhile. He also stated that thanks were due to the City Councils that had gone before for supporting sound fiscal policies demonstrated in the City's fairly healthy fund balance. He noted that despite all of the continuing take-aways by the State, Lakewood was hanging in there pretty well.

Council Member Wood stated that the City's longtime priorities – Safety, Liquidity, Yield – were the backbone that allowed the City to continue to meet its financial obligations and its mission to Lakewood residents.

COUNCIL MEMBER ROGERS MOVED AND COUNCIL MEMBER PIAZZA SECONDED TO APPROVE STAFF'S RECOMMENDATIONS. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piazza, Wood, Rogers and DuBois

NAYS: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: Croft

### 3.3 • LOAN AGREEMENT BETWEEN THE CITY AND THE SUCCESSOR AGENCY TO THE LAKEWOOD REDEVELOPMENT AGENCY

The Director of Administrative Services made a presentation based on the memo in the agenda and stated the State Department of Finance (DOF) and the County Auditor-Controller had reconciled the Recognized Obligation Payment Schedule (ROPS) prepared for January through June, 2012, and changes had been made. She noted that one of the points at issue was the first ROPS, which covered the period from the dissolution of the Lakewood Redevelopment Agency on February 1, 2012, while the DOF and the County considered the period to begin on January 1, 2012. The property tax allocation had been reduced by \$2,558,873, leaving the Successor Agency with a shortfall of \$1,120,989 to meet the obligations identified in ROPS III, including bond payments and business agreements. It was the recommendation of staff that pursuant to California Health and Safety Code §34173(h), the City loan the necessary funds to the Agency and direct the Successor Agency to add the amount of the loan to the Agency's ROPS III for repayment.

City Attorney Steve Skolnik advised that since the obligations must be paid and the Successor Agency had no other funding options, this agreement was the best solution.

**3.3 • LOAN AGREEMENT BETWEEN THE CITY AND THE SUCCESSOR AGENCY TO THE LAKEWOOD REDEVELOPMENT AGENCY - Continued**

Responding to a question from Council Member Piazza, Ms. Perkin stated that there was no doubt that the City would be repaid for the loan, it was just a matter of how soon repayment could be made. She noted that this would be characterized as a “cash flow” loan making its repayment second only to bond obligations.

The City Attorney stated that this type of transaction was straight forward under the law, but must be approved by the Oversight Board in order to complete the transaction.

Council Member Rogers stated that this material was difficult to read and grasp, especially since the State seemed to keep changing the rules along the way.

**COUNCIL MEMBER ROGERS MOVED AND COUNCIL MEMBER PIAZZA SECONDED TO APPROVE STAFF’S RECOMMENDATION. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:**

**AYES: COUNCIL MEMBERS: Piazza, Wood, Rogers and DuBois**  
**NAYS: COUNCIL MEMBERS: None**  
**ABSENT: COUNCIL MEMBERS: Croft**

**SUCCESSOR AGENCY ACTIONS**

**1. Approval of Registers of Demands**

**COUNCIL MEMBER WOOD MOVED AND COUNCIL MEMBER PIAZZA SECONDED TO APPROVE THE REGISTERS OF DEMANDS. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:**

**AYES: COUNCIL MEMBERS: Piazza, Wood, Rogers and DuBois**  
**NAYS: COUNCIL MEMBERS: None**  
**ABSENT: COUNCIL MEMBERS: Croft**

**2. Successor Agency Non-Housing Funds Due Diligence Review**

The Director of Administrative Services made a presentation based on the memo in the agenda and stated the Due Diligence Review (DDR) for Successor Agency Non-Housing funds had been completed and submitted to the County Auditor-Controller and the State Department of Finance in December. After receiving adjustments from the DOF, the final DDR was corrected, approved by the Oversight Board and submitted to the DOF on January 14th. Notice was received from the DOF on January 20th that they were requesting extensive documentation to assist in their review of the DDR. She concluded by stating that there were no additional funds required to be transmitted to the County at this point.

Mayor DuBois inquired if this experience was common among successor agencies. Ms. Perkin responded by stating that she was not aware of any agency that had submitted a DDR to which the DOF had not made changes.

2. Successor Agency Non-Housing Funds Due Diligence Review - Continued

MAYOR DUBOIS DIRECTED THAT THE ITEM BE RECEIVED AND FILED. THERE BEING NO OBJECTION, IT WAS SO ORDERED.

3. Department of Finance's Final Determination: Recognized Obligation Payment Schedule (ROPS)

The Administrative Services Director made a presentation based on the memo in the agenda and stated that the State Department of Finance (DOF) had reviewed the Recognized Obligation Payment Schedule (ROPS) III, submitted for the period of January 1, 2013 through June 30, 2013, and found that although the initial loan from the City to the Redevelopment Agency was an enforceable obligation, the accrued interest was not allowable and also that a deferred housing loan was not payable until 2013-14. She also advised that the DOF reconciliation of the first ROPS, which covered the period from the dissolution of the Lakewood Redevelopment Agency on February 1, 2012, through June 30, 2012, had found payments from the Redevelopment Agency to the City in January, 2012, not to be an allowable enforced obligation, requiring \$2,553,873 to be repayable to the County and leaving the Successor Agency with a shortfall of \$1,120,989 to meet scheduled enforceable obligations. It was the recommendation of staff that the Successor Agency receive and file the report.

Council Member Piazza noted how incredibly confusing this material would be for the average person and congratulated the staff for their hard work to minimize the impact of this State take-away.

MAYOR DUBOIS DIRECTED THAT THE ITEM BE RECEIVED AND FILED. THERE BEING NO OBJECTION, IT WAS SO ORDERED.

4. Loan Agreement Between the City and the Successor Agency to the Lakewood Redevelopment Agency

The Director of Administrative Services made a presentation based on the memo in the agenda and stated that this was the companion item to the report presented to the City Council. Since the State Department of Finance had reduced the property tax allocation by \$2,558,873, the Successor Agency was left with a shortfall of \$1,120,989 to meet the obligations identified in ROPS IV, including bond payments and business agreements. It was the recommendation of staff that pursuant to California Health and Safety Code §34173(h), the Agency enter into a loan agreement with the City for the necessary funds and add the amount of the loan to the Agency's ROPS III for repayment.

COUNCIL MEMBER PIAZZA MOVED AND COUNCIL MEMBER WOOD SECONDED TO APPROVE STAFF'S RECOMMENDATION. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piazza, Wood, Rogers and DuBois  
NAYS: COUNCIL MEMBERS: None  
ABSENT: COUNCIL MEMBERS: Croft

## SUCCESSOR HOUSING ACTIONS

### 1. Approval of Registers of Demands

COUNCIL MEMBER ROGERS MOVED AND COUNCIL MEMBER WOOD SECONDED TO APPROVE THE REGISTERS OF DEMANDS. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piazza, Wood, Rogers and DuBois

NAYS: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: Croft

### 2. Low-Moderate Income Housing Fund Due Diligence Review

The Administrative Services Director made a presentation based on the memo in the agenda and reported following review of the Low-Moderate Income Housing Fund Due Diligence Review (DDR) by the State Department of Finance (DOF), the Housing Successor Agency had requested a meet and confer to explain the disputed areas of the DDR. Although it was clarified that State law required the Housing Successor Agency to be subject to and enforce certain provisions of the State Health & Safety Code, the DOF did not approve the retention of any existing housing funds to comply with those codes, and instead required that the entire amount of \$4,230,171 be transmitted to the County for disbursement to taxing entities.

The City Attorney advised that the State Department of Finance was taking this position with all housing successor agencies across the State. Finding that said agencies were responsible for all administrative expenses related to affordable housing programs, but not allowing the retention of any funds, nor providing any alternate revenue source to pay for those expenses and obligations.

COUNCIL MEMBER PIAZZA MOVED AND COUNCIL MEMBER WOOD SECONDED TO RECEIVE AND FILE THE ITEM. THERE BEING NO OBJECTION, IT WAS SO ORDERED.

### ORAL COMMUNICATIONS:

Gary Anderson addressed the City Council regarding animal control.

### ADJOURNMENT

There being no further business to be brought before the City Council, Mayor DuBois adjourned the meeting at 8:18 p.m.

Respectfully submitted,

Denise R. Hayward, CMC  
City Clerk