



## City of Palos Verdes Estates City Council Agenda & Staff Reports

### DISCLAIMER

The following City Council agenda includes text only version of the - reports associated with the business matters to be brought before for the City Council at its Regular Meeting of this date. Changes to the - reports may be necessary prior to the actual City Council meeting. The City Council may elect to delete or continue business matters at the beginning of the City Council Meeting. Additionally, - reports attachments, including but not limited to, pictures, plans, drawings, spreadsheet presentations, financial statements and correspondences are not included. The attachments are available for review with the official agenda package at the Reception area at City Hall as well as the Malaga Cove Public Library.

...end of disclaimer..

**\*\*CLICK HERE FOR CITY COUNCIL AGENDA**

**\*\*CLICK HERE FOR CITY COUNCIL AGENDA & REPORTS**

January 27, 2009  
6:00 P.M.  
City Hall  
Council Chambers

**AGENDA  
OF A REGULAR MEETING  
OF THE CITY COUNCIL OF THE CITY OF  
PALOS VERDES ESTATES, CALIFORNIA**

Copies of the staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the office of the City Clerk and are available for public inspection. If applicable, materials related to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's office during normal business hours. Any person having any question concerning any agenda item may call the City Clerk to make inquiry concerning the item. Upon request, the agenda and documents in the agenda packet can be made available in appropriate alternative formats to persons with a disability in compliance with the Americans with Disabilities Act. Please contact the City Clerk at 310-378-0383, at least 48 hours prior to the meeting to request a disability-related modification or accommodation.

The City Council welcomes and encourages public participation at the Council meetings; however, to allow for the orderly progression of business, each person wishing to comment or make a presentation shall be limited to three (3) minutes. Anyone wishing to address the City Council must fill out a green speaker's card available at the end of each row in the Chambers. The card permits the City to identify persons for purposes of City Council minute preparation. Please see specific agenda sections below for any other requirements related to meeting participation. The City Council, at the direction of the Mayor with concurrence of the Council, may modify the order of items shown on the agenda.

**NEXT RESOLUTION NO. R09-04  
NEXT ORDINANCE NO. 09-689**

**CALL TO ORDER**

**PARKLANDS COMMITTEE APPLICANT INTERVIEWS:**

6:00 p.m.      Henry V. Bazak  
6:10 p.m.      Dianna Chooljian, M.D.  
6:20 p.m.      Robert L. Kennedy

**CLOSED SESSION (6:30 p.m. – 7:30 p.m.)**

• **CONFERENCE WITH LEGAL COUNSEL:**

**MATTERS OF EXISTING LITIGATION (2 cases)**

Pursuant to Government Code Section 54956.9 (a)

Young v. City of Palos Verdes Estates, Case No. YC057845

Iannitti v. City of Palos Verdes Estates, Case No. BS117627; and

**MATTER OF POTENTIAL LITIGATION**

Pursuant to Government Code Section 54956.9 (b)

One (1) Potential Case

**At the conclusion of the Closed Session, the Council will reconvene in Open Session to report on any decisions, as it may deem appropriate.**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**MAYOR'S REPORT – Matters of Community Interest**

- Presentation Concerning Maintenance Activities of Southern California Edison and the State of the Electric Utility by Scott Gobble, SCE Regional Manager

**CONSENT AGENDA (Items 1 -8)**

**All items under this heading are considered to be routine and will be enacted by one motion, unless a Councilmember, staff, or member of the public requests that an item be removed for separate discussion, with the exception of Planning Commission Actions – Item #8a-j. An applicant or interested citizen who wishes to appeal any Planning Commission decision may file an appeal with the City Clerk's office within 15 days after the date of the Planning Commission's decision.**

**Any item removed from the Consent Agenda will be considered immediately following the motion to approve the Consent Agenda.**

1. Minutes of City Council Meeting of January 14, 2009

**Recommendation: Review and File.**

2. Treasurer's Report – December 2008

**Recommendation: Receive and File.**

CITY COUNCIL AGENDA  
JANUARY 27, 2009

3. Treasurer's Quarterly Interest Report – October-December 2008

**Recommendation: Receive and File.**

4. PW-533-08; Rejection of All Bids Received for the EVR II Upgrade Project

**Recommendation: It is recommended that the City Council reject all bids for PW-533-08, the EVR II Upgrade Project and direct staff to re-bid the project.**

5. PW-545-08; Completion of Contract for the 6-inch Sanitary Sewer Pipe Cleaning Project

**Recommendation: It is recommended that the City Council accept as complete the construction contract PW-545-08; 6-inch Sanitary Sewer Pipe Cleaning Project in the amount of \$40,999.45; and direct the City Clerk to file the Notice of Completion, and release the 10% retention 30 days after the County Recorder's office records the Notice of Completion, if no stop notices are filed.**

6. Special Event Application for Palos Verdes Community Art Association Affiliates Summer Art Shows: April 18-19, May 16-17, June 20-21, July 18-19, August 15-16, and September 19-20, 2009 from 9:00 a.m. to 5:00 p.m. on the Malaga Cove Plaza Green

**Recommendation: It is recommended that the City Council approve the Special Event Application for the PVAC Art Shows scheduled one weekend per month from April – September, 2009.**

7. Traffic Safety Committee Meeting Item of January 14, 2009

**Recommendation: Review and Approve.**

- a. Traffic Calming Application for Lunada Bay School Neighborhood

**Action: Recommended that staff 1) install a NO LEFT TURN 6 AM – 8 AM sign on northbound Palos Verdes Drive West at Via Anacapa, 2) bring the issue back before the Committee one month after its implementation, and 3) bring Via Anacapa edgeline striping designs back to the Committee at the next meeting (4-0, Culler absent).**

8. Planning Commission Actions of January 20, 2009

**Recommendation: Receive and File.**

- a. **M-691-08;** Consideration of a Miscellaneous Application for non-standard encroachments at the single family residence located at 1128 Palos Verdes Dr. West. Portions of Lot D, E, F & 14, Tract 11620.

Applicant: Brad Dudley  
200 Brooks St.  
Laguna Beach, CA 92651

Owner: Joe Barnett  
P.O. Box 193  
Palos Verdes Estates, CA 90274

**Action: Approved (5-0) with standard conditions.**

- b. **M-692-08**; Consideration of a Miscellaneous Application for a non-standard structure at the single family residence located at 856 Rincon Lane. Lot 12, Tract 10536.

Applicant/ Rincon Lane LLC  
Owner: 609 Deep Valley Dr. #345  
Rolling Hills Estates, CA 90274

**Action: Approved (5-0) with standard conditions.**

- c. **NC-1333/GA-1437/M-683-08**; Consideration of Neighborhood Compatibility, Grading and Miscellaneous Applications for a new single family residence located at 952 Granvia Altamira. Lot 3, Block 1751, Tract 8652.

Applicant: Ashai Design  
21515 Hawthorne Blvd. #975  
Torrance, CA 90503  
Owner: Dr. Ashok Kumar & Neera Kumar

**Action: Approved (4-0, Bird recused) with standard conditions and the following additional conditions: 1) Additional landscaping at the dining room corner adjacent to 944 Granvia Altamira is to be planted and maintained at a height no greater than 19 ft.; 2) The master bedroom and master bath windows are to be obscured glass and non-operable; 3) The landscaping along the property line shared with 940 Granvia Altamira shall be limited to 19 ft.; 4) The chimney shroud at the dining room chimney shall be eliminated.**

- d. **NC-1343/GA-1442-08**; Consideration of Neighborhood Compatibility and Grading Applications for additions to the existing single family residence located at 812 Via Conejo. Lots 9, 10 & a portion of 8, Block 1537, Tract 6884.

Applicant: Edward Carson Beall & Associates  
23727 Hawthorne Blvd.  
Torrance, CA 90505  
Owner: Mr. & Mrs. David Oberman

**Action: Approved (5-0) with standard conditions and the following additional condition: 1) A licensed survey of the building height shall be completed and submitted to the City to verify compliance with the approved height.**

- e. **NC-1345/GA-1444/M-696-08**; Consideration of Neighborhood Compatibility, Grading and Miscellaneous Applications for additions to the single family residence located at 1413 Via Galicia. Lot 80, Tract 27438.

Applicant: Olympia P. Greer  
80034 Camino Santa Elise  
Indio, CA 92203  
Owner: Anil & Madhvi Aggarwal

**Action: Approved (5-0) with standard conditions and the following additional conditions: 1) A licensed survey of the floor area shall be completed and submitted to the City to verify compliance with the approved floor area for the subject lot; 2) The curb and gutter that is in disrepair is to be replaced per Public Works Department standards; 3) All nonstandard encroachments including, but not limited to, the pavers and the boulders shall be removed; 4) The driveway is to be built per Public Works Department standards; 5) A standard urban stormwater mitigation plan, approved by the City Engineer shall be prepared and implemented for the project; 6) All ridge heights are to be held at 115' including the towers.**

- f. **NC-1346/GA-1445/M-697-08**; Consideration of Neighborhood Compatibility, Grading and Miscellaneous Applications for a new single family residence located at 2804 Paseo Del Mar. Lot 2, Block 2235, Tract 7144.

Applicant: Envirotechno  
6101 W. Centinela Ave. #160  
Culver City, CA 90230  
Owner: Charkat, LP  
1600 Espinosa Cr.  
Palos Verdes Estates, CA 90274

**Action: Approved (5-0) with standard conditions and the following additional conditions: 1) A licensed survey of the floor area shall be completed and submitted to the City to verify compliance with the approved floor area for the subject lot; 2) The driveway is to be built per Public Works Department standards; 3) The existing curb and gutter that is in disrepair is to be replaced; 4) All existing nonstandard encroachments including but not limited to the walkway with steps, the boulders, the tree stumps, and the plastic landscaping panels are to be removed; 5) The existing vaults within the right-of-way are to be lowered to grade or soil is to be placed and compacted around the edges such that the vault edges are to grade; 6) The living room chimney shall be built to minimum height permitted by the Building Code; 7) All second floor ridges shall be reduced in height by 18 inches.**

- g. **NC-856R/M-689-08**; Consideration of Neighborhood Compatibility and Miscellaneous Applications for additions to the single family residence located at 1709 Via Arriba. Lot 6, Block 1530, Tract 6884.

Applicant: Jeffrey A. Dahl  
18681 Amalia Ln.  
Huntington Beach, CA 92648  
Owner: Ray Eastwood

**Action: Approved (5-0) with standard conditions.**

- h. **M-690-08;** Consideration of a Miscellaneous Application for a new detached structure at the single family residence located at 1724 Paseo Del Mar. Lot 7, Block 1271, Tract 7140.

Applicant: Pritzkat Architects  
304 Vista Del Mar, Suite B  
Redondo Beach, CA 90277  
Owner: Jeff Gunzenhauser & Dianna Chooljian

**Action: Approved (5-0) with standard conditions.**

- i. **M-693-08;** Consideration of a Miscellaneous Application for a non-standard structure at the single family residence located at 1261 Via Landeta. Lot 11, Block 1490, Tract 6889.

Applicant: Pritzkat Architects  
304 Vista Del Mar, Suite B  
Redondo Beach, CA 90277  
Owner: Mike & Lisa Krantz

**Action: Approved (5-0) with standard conditions and the following additional condition: The storage space below the proposed stairway is to be located behind the required building setback.**

- j. **M-694-08;** Consideration of a Miscellaneous Application for a non-standard structure at the single family residence located at 4304 Via Nivel. Lot 14, Block 6320, Tract 7143.

Applicant/Owner: Chris Andrews

**Action: Denied (5-0).**

## COMMUNICATIONS FROM THE PUBLIC

**This portion of the agenda is reserved for comments from the public on items which are NOT on the agenda. Due to state law, no action can be taken by the Council this evening on matters presented under this section. If the Council determines action is warranted, the item may be referred to staff or placed on a future Council agenda.**

**PUBLIC HEARING (7:30 p.m.)**

**Appellants and/or applicants shall be provided five (5) minutes for presentation and rebuttal. All other persons addressing the City Council during the public hearing shall be limited to three (3) minutes for comment.**

9. Request to Appeal Planning Commission Approval of NC-1335/GA-1440/M-681-08; Consideration of a Neighborhood Compatibility, Grading and Miscellaneous Applications for a New Single Family Residence Located at 980 Via Rincon. Lot 8, Block 1731, Tract 7142

Appellant: Rose Wright  
988 Via Rincon  
Palos Verdes Estates, CA 90274

Applicant: The Neiman Group  
2930 Westwood Blvd., Ste. 100  
Los Angeles, CA 90064

Owner: David deLangis  
65 Pine Ave., Unit 323  
Long Beach, CA 90802

**Recommendation: It is recommended that the City Council open the public hearing, receive public input, close the public hearing and make a decision on the application.**

**ORDINANCES**

**Actions to introduce or adopt an ordinance shall be deemed to have the title read and further reading waived.**

10. Introduction of Ordinance 09-688; Amending Section 10.64.010 of the Palos Verdes Estates Municipal Code Establishing Prima Facie Speed Limits and Approving the Posting of Speed Limit Signs on Local Streets Within the City

**Recommendation: It is recommended that the City Council introduce Ordinance 09-688; an Ordinance of the City Council of the City of Palos Verdes Estates amending Section 10.64.010 of the Municipal Code establishing prima facie speed limits and approving the posting of speed limit signs on local streets within the City.**

**OLD BUSINESS**



## NEW BUSINESS

11. R09-03; Resolution Approving a Concession Agreement with HGS Management, LLC, for Operation of the Palos Verdes Stables Effective March 1, 2009, Establishing Service Fees and Approving a \$25.00 Increase in Boarding Rates Effective June 1, 2009

**Recommendation:** It is recommended that the City Council adopt Resolution R09-03, approving a Concession Agreement with HGS Management, LLC, for operation of the Palos Verdes Stables effective March 1, 2009, through February 28, 2014, establishing service fees and approving a \$25.00 increase in boarding rates effective June 1, 2009.

12. Request for Delayed Rate Increase for Refuse Collection by Athens Services

**Recommendation:** It is recommended that the City Council approve a \$2.15 monthly rate increase, per single family residence, for solid waste and recycling collection services, to be effective July 1, 2008, to bring the total new monthly rate, including the AB 939 fee, to \$33.98. Staff also recommends that the City Council approve invoicing for the increase during Athens' next available 2009 billing cycle.

## STAFF REPORTS

13. City Manager's Report

## DEMANDS

14.
  - a. Authorize Payment of Motion #1 – Payroll Warrant of January 23, 2009
  - b. Authorize Payment of Motion #2 – Warrant Register of January 27, 2009

**Recommendation:** Authorize Payment of Motions #1 and #2.

## MAYOR & CITY COUNCILMEMBERS' REPORTS

**ADJOURNMENT TO WEDNESDAY, JANUARY 28, 2009, FOR THE PURPOSE OF AN ADJOURNED REGULAR MEETING (JOINT SESSION) WITH THE PLANNING COMMISSION AND PALOS VERDES HOMES ASSOCIATION.**

- *This City Council meeting can be viewed on Cox Cable, Channel 35, Wednesday, January 28, 2009, at 7:30 p.m., and Wednesday, February 4, 2009, at 7:30 p.m.*

**TO: JOSEPH M. HOEFGEN, CITY MANAGER**

**FROM: ALLAN RIGG, PUBLIC WORKS DIRECTOR**

**SUBJECT: PW 553-08; REJECTION OF ALL BIDS FOR THE EVR II UPGRADE PROJECT**

**DATE: JANUARY 27, 2009**

---

**Introduction**

Should the City Council reject all bids for PW 553-08, the EVR II Upgrade Project?

**Background and Analysis**

Vapor recovery systems collect gasoline vapors that would otherwise escape into the atmosphere during bulk fuel delivery (Phase I) or vehicle refueling (Phase II). These vapors contribute highly to the formation of smog. California's Enhanced Vapor Recovery Program, administered by the California Air Resources Board (C.A.R.B.), provides a ten-year phase-in of multiple standards to reduce gasoline vapor emissions from the storage and dispensing of gasoline. By April 1, 2009, most owners of gasoline dispensing facilities (GDFs) with underground storage tanks in California must install enhanced vapor recovery (EVR) Phase II systems.

The South Coast Air Quality Management District (SCAQMD), with jurisdiction for about forty percent of the GDFs in the state including the City of Palos Verdes Estates, required GDF owners to submit compliance plans by October 1, 2008. The City met this deadline and is awaiting the SCAQMD's approval of its compliance plans and permit application. Another permit will be required by the Los Angeles County Department of Public Works (LACDPW), but cannot be obtained until the name and information regarding the contractor doing the EVR installation can be provided. Staff is moving forward with project bidding, while waiting for SCAQMD approval, in order to acquire LACDPW permits to install the equipment before April 1, 2009.

Project activities will include applying for all necessary permits, installing a Veeder-Root vapor recovery canister onto the existing ventilation line, installing an electrical circuit to power the vapor recovery canister, upgrading the City's existing Veeder-Root alarm console, and installing new dispensing unit equipment to comply with C.A.R.B. and SCAQMD requirements. The contractor will also ensure certification of the entire system, including meeting with SCAQMD and County inspectors and implementing any corrections as required by those and any other agencies with jurisdiction over the project.

Staff advertised in Bid America, F. W. Dodge, and Reed Construction Data. Construction bids were received January 20, 2009, at 10:30 a.m. The results are as follows:

Fleming Environmental, Inc.	\$42,375
Charles E. Thomas Company	\$48,775

Fleming Environmental, Inc. submitted the low bid for the project via facsimile since their sealed original bid did not arrive by 10:30 am on January 20. They also submitted documentation showing their sealed original bid was sent via Federal Express overnight service on January 19, 2009. Their work history indicates that they have completed projects of similar size and scope.

The second lowest bid, submitted by Charles E. Thomas Company, was incomplete. It did not include a detailed line item breakdown of the bid proposal, nor did it include a list of previous projects and references.

Staff consulted with the City Attorney after the bid opening. Due to the unsealed lowest bid and the incomplete second lowest bid, it is in the City's best interest to reject all bids and then re-bid, in order to avoid any challenges to the lowest bid should it be awarded under these unusual circumstances. Staff thus recommends rejecting all bids. Re-bid of the projects would take place as soon as possible in order to diligently pursue SCAQMD and C.A.R.B. requirements.

### **Alternatives Available to Council**

The following alternatives are available to Council:

1. Reject all bids for the completion of the EVR II Upgrade Project and direct staff to re-bid the project.
2. Award a contract for PW 553-08, the EVR II Upgrade Project to Fleming Environmental, Inc. in the amount of \$42,375.
3. Decline to Act.

### **Conclusions and Recommendations**

Staff recommends that the City Council reject all bids for PW 553-08, the EVR II Upgrade Project and direct staff to re-bid the project.

## **Fiscal Impact**

The 2008-09 budget contains \$44,992 in the City Hall Safety Projects budget for PW 553-08, the EVR II Upgrade Project. Staff estimates the following total costs for the project if awarded:

Construction Costs	\$42,375
Inspection and Administration	\$2,000
<b>Total</b>	<b>\$44,375</b>

The existing budget is sufficient to cover the total construction cost of \$44,375 shown above. Staff is unable to determine the amount of additional Administration costs, if any, should there be an objection to this award by the second lowest bidder.

Staff report prepared by:

---

Floriza Rivera  
Public Works Department

**TO: JOSEPH M. HOEFGEN, CITY MANAGER**

**FROM: ALLAN RIGG, PUBLIC WORKS DIRECTOR**

**SUBJECT: PW 535-08; COMPLETION OF CONTRACT FOR THE 6-INCH SANITARY SEWER CLEANING PROJECT**

**DATE: JANUARY 27, 2009**

---

**The Issue**

Should the City Council:

- 1) Accept as complete the construction contract PW 535-08; 6-Inch Sanitary Sewer Cleaning Project in the amount of \$40,999.45; and
- 2) Direct the City Clerk to file the Notice of Completion, and release the 10% retention 30 days after the County Recorder's office records the Notice of Completion, if no stop notices are filed?

**Background and Analysis**

On April 8, 2008, the City Council awarded a Contract in the amount of \$43,676 to Russell Warner, Inc. DBA Advanced Sewer Technologies for the completion of the 6-Inch Sanitary Sewer Cleaning Project. The project consisted of thoroughly cleaning 6-inch City sanitary sewer mains using water jets and a mechanical root cutter, and then televising inside the mains to determine their current condition.

During the project staff inspection was required in many areas where work was being done in private backyard and sideyard easements, and where manholes or cleanouts needed to be found in those easements. Staff also reviewed the sewer main videos when submitted, to determine whether they were adequately clean and the videos were acceptable, and if a main needed immediate repair.

The majority of the cleaning and televising work was done in a timely manner. Video review by staff took time, and if it revealed that some lines had to be cleaned or televised further, Advanced Sewer Technologies scheduled the work so that activities could be grouped together, to decrease its labor and transportation costs. This resulted in an extended period of construction time for completing punch list items. Emergency televising of the Malaga Lane storm drain, in connection

with the sinkhole in Malaga Lane Alley, and contractor submittal of project documents also extended the completion time.

One change order for additional sewer televising, additional cleaning, repair of 6 feet of pipe, and deletion of 8-inch lines was issued for (\$2,676.55), which decreased the project cost to \$40,999.45 (-6.12%).

**Alternatives Available to Council**

The following alternatives are available to the City Council:

1. Accept as complete the construction contract PW 535-08; 6-Inch Sanitary Sewer Cleaning Project in the amount of \$40,999.45, direct the City Clerk to file the Notice of Completion, and release the 10% retention 30 days after the County Recorder's office records the Notice of Completion, if no stop notices are filed.
2. Decline to accept the project as complete.

**Recommendation from Staff**

Staff recommends that the Council:

- 1) Accept as complete the construction contract PW 535-08; 6-Inch Sanitary Sewer Cleaning Project in the amount of \$40,999.45; and
- 2) Direct the City Clerk to file the Notice of Completion, and release the 10% retention 30 days after the County Recorder's office records the Notice of Completion, if no stop notices are filed.

**Fiscal Impact**

The FY 2008-09 budget allotted \$47,980 for cleaning the 6-inch sewer mains. These are the project costs:

Construction Costs	\$40,999.45
Inspection/Administration	\$5,000.00
<hr/> Total	<hr/> \$45,999.45

There are sufficient funds to cover the total construction cost of \$45,999.45 shown above.

Staff report prepared by:

---

Floriza Rivera, Public Works Department

TO: JOSEPH M. HOEFGEN, CITY MANAGER

FROM: ALEXA D. DAVIS, ADMINISTRATIVE ANALYST

SUBJECT: SPECIAL EVENT APPLICATION FOR PALOS VERDES COMMUNITY ART ASSOCIATION AFFILIATES SUMMER ART SHOWS: APRIL 18-19, MAY 16-17, JUNE 20-21, JULY 18-19, AUGUST 15-16, SEPTEMBER 19-20, 2009 FROM 9AM TO 5PM ON THE MALAGA COVE PLAZA GREEN

DATE: JANUARY 27, 2009

**ISSUE**

Shall a Special Event Application be approved for the Palos Verdes Community Art Association Affiliates to hold six (6) art exhibitions and sales beginning in April and ending in September on the Malaga Cove Plaza Green?

**BACKGROUND**

The Palos Verdes Community Art Association has submitted a Special Event Application to hold six (6) art exhibitions and sales on the Malaga Cove Plaza Green from April – September. These annual exhibitions have been held by the Association for more than twenty years. The PVCAA is an artists group affiliated with the Palos Verdes Art Center that displays and sells art.

To receive City approval for use of the green, the PVCAA must comply with the procedures set forth in the Special Event Application. Special Events are activities that occur within the City that may impact streets, services, public safety, citizen welfare, and/or disrupt traffic and community activities. The City therefore imposes specific conditions upon the sponsors of such events and assesses fees to cover City costs associated with the event. Requirements include but are not restricted to the following:

1. Pay a deposit fee \$75 (refundable) and a Special Event Application fee of \$150 for each event.
2. Obtain approval by individual City departments establishing special conditions where necessary to mitigate any impact the event may have on City streets, services, and public safety. The Police Department, Streets and Parks, Finance Department, Fire Department (as needed) and City Manager's Department all sign off to approve an event.
3. Provide a *certificate of liability* insurance.
4. Provide an *Indemnification Agreement*.

The PVCAA's Special Event is subject to additional specific requirements which were approved by the City Council in 1991. The extra conditions attached to the PVCAA shows were prompted by the increasing number art shows and other activities on the Malaga Cove Green. The following four requirements have been added.

1. Special Event applications for Art Shows on the Malaga Cove Plaza Green will be issued to juried art groups who are members of the Palos Verdes Peninsula Arts Association;
2. No more than five (5) shows may be held in one calendar year. Events may be scheduled no more than one a month. (Since 1999 this provision has been modified to allow six (6) shows from April – September).
3. Provisions must be made for the City's current waste disposal franchisee to Pick-up trash early Monday morning immediately following the Sunday art show. Provisions must also be made for sanitary facilities on the day of the show. The cost of these services will be borne by the art group utilizing the Plaza Green.
4. The Palos Verdes Community Arts Association is encouraged to select one representative to work with the City in scheduling art shows.

Since these guidelines were adopted in November, 1991, the PVCAA exhibitions have been well organized and managed without disruption. The dates requested for this year's art shows are: April 18-19; May 16-17; June 20-21; July 18-19; August 15-16; and September 19-20, 2009. Affiliates have complied with the requirements set forth by the City Council as listed above.

### **CONCLUSION**

The Application has been reviewed and preliminarily approved by all municipal departments. Fees have been paid for all six separate weekend events and the Certificate of Insurance and Indemnity Agreement have been received. This event has taken place in the City for over twenty years without incident.

### **RECOMMENDATION**

It is recommended that the City Council approve the Special Event Application for PVCA Art Shows scheduled one weekend per month from April – September, 2009.



Agenda Item #: 8a-i

Meeting Date: 1/27/09

**TO: JOSEPH HOEFGEN, CITY MANAGER**  
**FROM: ALLAN RIGG, PLANNING DIRECTOR**  
**DATE: JANUARY 27, 2009**  
**SUBJECT: PLANNING COMMISSION ACTIONS OF JANUARY 20, 2009**

---

The items attached were acted upon by the Planning Commission on January 20, 2009.

The Council may, within fifteen days after the date of the decision on or before the first day following the first Council meeting after the date of the Planning Commission decision, whichever occurs last:

1. Confirm the action of the Planning Commission and grant or deny the application;
2. Set the matter for public hearing and dispose of it in the same manner as on an appeal; or
3. Amend, modify, delete, or add any condition of approval which the Council finds is not substantial under the circumstances relative to or affecting the property subject to the application for a development entitlement. Any determination of the Council pursuant to this paragraph shall be conclusive and final.

In the event the Council does not take one of the actions specified above within the period of time required, the decision of the Planning Commission shall be final.

Recommendation:

Receive and file.

**TO: JOSEPH M. HOEFGEN, CITY MANAGER**

**FROM: ALLAN RIGG, PLANNING DIRECTOR**

**SUBJECT: REQUEST TO APPEAL PLANNING COMMISSION APPROVAL OF NC-1335/GA-1440/M-681-08; NEIGHBORHOOD COMPATIBILITY, GRADING AND MISCELLANEOUS APPLICATIONS FOR A NEW SINGLE FAMILY RESIDENCE LOCATED AT 980 VIA RINCON. LOT 8, BLOCK 1731, TRACT 7142.**

**APPELLANT: ROSE WRIGHT  
988 VIA RINCON  
PALOS VERDES ESTATES, CA 90274**

**APPLICANT: THE NEIMAN GROUP  
2930 WESTWOOD BLVD., STE. 100  
LOS ANGELES, CA 90064**

**OWNER: DAVID DE LANGIS  
65 PINE AVENUE UNIT 323  
LONG BEACH, CA 90802**

**DATE: JANUARY 27, 2009**

---

### **The Issue**

Should the City Council confirm the Planning Commission's decision to approve NC-1335/GA-1440/M-681-08; Neighborhood Compatibility, Grading, and Miscellaneous applications for a new single family residence located at 980 Via Rincon?

### **Background and Analysis**

This project includes Neighborhood Compatibility, Grading, and Miscellaneous applications for a new single family residence located at 980 Via Rincon. The application proposes a 2471 sq. ft. first floor, a 2208 sq. ft. second floor, a 1044 sq. ft. basement, and a 664 sq. ft. garage. The application

also includes new hardscape including a new pool, spa, driveway, walkways, and patios. Total proposed floor area is 6387 sq. ft. Maximum allowed floor area is 6690 sq. ft. on this 16,469 sq. ft. lot. Total gross floor area proposed is 7,838 sq. ft. including the covered porch at the basement level (722 sq. ft.), the covered entry (42 sq. ft.), the stairwells (198 sq. ft.), the elevator shaft (58 sq. ft.), two-story volume at the hallway (261 sq. ft.), the covered porch at the dining room (156 sq. ft.), and the vent shafts (14 sq. ft.). Total grading proposed is 1179 cu. yds. with a maximum cut depth of 12 ft. Building coverage and lot coverage proposed are 23% (30% maximum allowed) and 43% (65% maximum allowed), respectively. Maximum building height proposed is 29.4 ft., which is within the maximum allowed height of 30 ft.

### *History*

This project was originally reviewed by the Planning Commission on September 16, 2008. Concerns were raised regarding privacy impacts, view impacts, gross floor area, and the overall size of the structure. The project was again reviewed by the Planning Commission on October 21, 2008. Please note that the plans before the commission in October remained unchanged since the September review. The commission still had concerns regarding the size of the proposed structure and the overall massing. This project was once again reviewed by the Planning Commission on November 18, 2008. Concerns were raised regarding the size and overall massing of the project.

On December 16, 2008, the Planning Commission reviewed and finally approved (4-0, Bird recused) the project with standard conditions and the following additional conditions:

1. The maximum ridge height is to be reduced from 123' to 122' elevation.
2. The walls within the setback adjacent to the street are not to exceed 42" in height.
3. No additional grading shall be a part of the final plans.
4. City standard curb and gutter or rolled berm shall be installed per construction plans prepared by a registered Civil Engineer and approved by the City Engineer.
5. A licensed survey of the building height shall be completed and submitted to the city to verify compliance with the approved height.
6. A licensed survey of the floor area shall be completed and submitted to the city to verify compliance with the approved area.
7. All nonstandard encroachments including, but not limited to, the nonstandard walls and driveways are to be removed.

### *Appeal*

The Planning Commission's decision has now been appealed by Rose Wright. The appeal purports that the massing and height of the project is incompatible with the neighborhood and that there are still privacy and view concerns. The appeal also states that the Planning Commission consistently expressed concerns about height and massing, however, the applicant did not appear to respond to

these concerns. Per the letter provided by the Wrights, the Deluca family at 976 Via Rincon concurs with the comments in this appeal.

The appeal includes the appeal documents, the staff report with all supporting documents as presented to Planning Commission, and minutes from the December 16, 2008 Planning Commission meeting.

### **Correspondence Received**

Letters of correspondence received regarding the project are included for review.

### ***Findings Required to Approve***

PVEMC Section 18.36.045 states that in order to approve a Neighborhood Compatibility application, the following findings must be made by the City Council:

- A. That the proposed development is designed and will be developed to preserve the greatest extent practicable the natural features of the land, including the existing topography and landscaping;
- B. That the proposed development is designed and will be developed in a manner which will be reasonably compatible with the existing neighborhood character in terms of scale of development in relation to surrounding residences and other structures;
- C. That the proposed development is designed and will be developed in a manner which will preserve to the greatest extent practicable the privacy of persons residing on adjacent properties; and
- D. That the proposed development is designed and will be developed in a manner to the extent reasonably practicable so that it does not unreasonably interfere with neighbor's existing views.

### ***CEQA Status***

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to California Administrative Code Title 14, Chapter 3, Section 15303.

### **Alternatives Available to Council**

The following alternatives are available to the City Council:

1. Confirm the Planning Commission's decision to approve NC-1335/GA-1440/M-681-08; Neighborhood Compatibility, Grading, and Miscellaneous applications for a new single family residence located at 980 Via Rincon as conditioned.

2. Confirm the Planning Commission's decision to approve NC-1335/GA-1440/M-681-08; Neighborhood Compatibility, Grading, and Miscellaneous applications for a new single family residence located at 980 Via Rincon, with modifications.
3. Overturn the Planning Commission's decision and deny NC-1335/GA-1440/M-681-08; Neighborhood Compatibility, Grading, and Miscellaneous applications for a new single family residence located at 980 Via Rincon.

Once a decision is made by the City Council, a final Resolution will be prepared and presented at the following meeting to confirm the City Council's decision.

**Recommendation from Staff**

Staff recommends that the City Council open the public hearing, receive public input, close the public hearing, and make a decision on the application.

Staff report prepared by:

---

Stacey Kinsella  
Planning Department

Agenda Item #: 10

Meeting Date: 1/27/09

**TO: JOSEPH HOEFGEN, CITY MANAGER**

**FROM: ALLAN RIGG, PUBLIC WORKS DIRECTOR**

**SUBJECT: INTRODUCTION OF ORDINANCE NO. 09-688 AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES AMENDING SECTION 10.64.010 OF THE PALOS VERDES ESTATES MUNICIPAL CODE ESTABLISHING PRIMA FACIE SPEED LIMITS AND APPROVING THE POSTING OF SPEED LIMIT SIGNS ON LOCAL STREETS WITHIN THE CITY**

**DATE: JANUARY 27, 2009**

---

**The Issue**

Should the City Council introduce Ordinance 09-688 amending Section 10.64.010 of the Palos Verdes Estates Municipal Code establishing prima facie speed limits and approving the posting of speed limit signs on local streets within the City?

**Background and Analysis**

The City recently reviewed speed limits throughout the City in December of 2008. The Council adopted changes to the speed limits on four streets, and adopted the same speed limit on eleven other streets.

After the speed limits had been adopted, concerns were raised by the public regarding the changes on two of the streets where changes would take place – Granvia Altamira and Palos Verdes Boulevard. To address these concerns, staff arranged for an outside consulting Traffic Engineer to perform new speed surveys on these two streets. The table below summarizes the original survey results, the new survey results, and the recommendations for the speed limits on each street:

	Prior Speed Limit	85 <sup>th</sup> Percentile Speed Original Speed Survey	Approved Speed Limit Per Ordinance 08-687 Dec. 08	85 <sup>th</sup> Percentile Speed New Speed Survey	Updated Recommended Speed Limit
Granvia Altamira	25	38	35	36	30
Palos Verdes Boulevard	30	40	35	40	35

The survey is used to determine at what speed 85% of the vehicles are traveling at or below (the 85<sup>th</sup> percentile speed as it is called). The theory is that 85% of the people will travel below a speed that is too fast for a street. The speed limit can be set by the City Engineer at the next highest 5 mile per hour increment above the 85<sup>th</sup> percentile. The limit can be reduced to the next 5 mile per hour increment under certain circumstances where it would not be reasonable for a driver to expect impediments in the roadway, such as cars exiting driveways.

For example, if the City performs a speed survey on a street and the 85<sup>th</sup> percentile speed is 38 miles per hour, the speed limit would initially be set at 40 miles per hour. The limit could then be lowered to the next lower increment, 35 miles per hour, based on the local conditions on the roadway.

The variation for the speed surveys on Granvia Altamira is not unusual, but does justify setting the speed limit at the lower limit of 30 miles per hour. The speed limit on Palos Verdes Boulevard would not change from the speed limit approved for the street in December of 35 miles per hour.

The attached Ordinance implements this change into the City's Code.

**Alternatives Available to the City Council**

1. Introduce Ordinance 09-688 amending Section 10.64.010 of the Palos Verdes Estates Municipal Code establishing prima facie speed limits and approving the posting of speed limit signs on local streets within the City.
2. Decline to introduce Ordinance 09-688 amending Section 10.64.010 of the Palos Verdes Estates Municipal Code establishing prima facie speed limits and approving the posting of speed limit signs on local streets within the City.

**Recommendation from Staff**

Staff recommends that the City Council introduce Ordinance 09-688 amending Section 10.64.010 of the Palos Verdes Estates Municipal Code establishing prima facie speed limits and approving the posting of speed limit signs on local streets within the City.

Staff report prepared by:

---

Allan Rigg  
Public Works Department



TO: MAYOR AND CITY COUNCIL

FROM: JOSEPH M. HOEFGEN, CITY MANAGER

SUBJECT: RESOLUTION R09-03; APPROVING A CONCESSION AGREEMENT WITH HGS MANAGEMENT LLC FOR OPERATION OF THE PALOS VERDES STABLES EFFECTIVE MARCH 1, 2009 AND ESTABLISHING SERVICE FEES AND APPROVING A \$25.00 INCREASE IN BOARDING RATES EFFECTIVE JUNE 1, 2009

**The Issue**

Shall the City Council adopt a Resolution R09-03 approving a concession agreement with HGS Management LLC for operation of the Palos Verdes Stables effective March 1, 2009 and establishing service fees and approving a \$25.00 increase in Boarding Rates effective June 1, 2009?

**Background**

The Palos Verdes Stables was originally established in 1926 and covers 3 and 1/2 acres of City land. Since its inception, the stable has sought to continuously improve its facilities and enhance its services. The Palos Verdes Stables has a reputation for being extremely well maintained and secure (with 24 hour security in place), and for offering quality riding instruction in both Western and English disciplines.

The City has a history of operating the Palos Verdes Stables under a license/concession agreement with private parties. A review of City records indicates license agreements dating from at least 1958 through 1982 (24 years). Between 1983 and 2000 (17 years), the Stable was operated as a City department and staffed by City employees. Part of the reason for bringing the stable under the City's direct operation in 1983 was to perform required capital improvements, which, although part of the license agreements, were not a priority of the prior concessionaires. While the City undertook improvements to the property during this time, including construction of several new barns, the cost of operating and maintaining the facility (including depreciation on capital assets) resulted in continuing losses to the City.

Prior to RCG Management assuming operation of the Stable, the City had accrued deficits both in terms of (1) annual operations (cumulative, multi-year deficit of \$74,601) and (2) capital asset depreciation (cumulative, multi-year deficit of \$169,191). These deficits are reflected in audited financial statements prior to RCG's operation of the Stable. Over the past eight years, RCG has made concession payments to the City which eliminated the previously accrued \$74,601 operating

deficit in FY 2005-06. Additionally, over the years, RCG has completed numerous capital improvements to the facility totaling \$164,050 during the course of the concession agreement with the City.

### **Contract with RCG Management**

After an extensive process in September 2000, the City Council approved a concession agreement with RCG Management, Inc. for stable operation services. The concession agreement required the concessionaire to maintain the property and operate/manage the stable facilities for the recreational use and benefit of the residents of Palos Verdes Estates, those persons who board horses at the property, and any other users of the stable.

The initial concession agreement with RCG was for a five year term, expiring October 1, 2005. In June 2005, the parties approved a restated concession agreement which included an option of five (5), one-year additional terms. Before October 1st of each year, the concessionaire is to notify the City of its intent to exercise the one-year option for the following year, in essence providing one-year advance notice of intent to continue the agreement.

In June 2007, RCG Management forwarded a letter advising that they did not intend to exercise the next one-year option, which meant that in the absence of a renegotiated concession agreement, the current agreement between RCG and the City would terminate effective October 1, 2008. A copy of the letter from RCG Management is included as Attachment A to this report. Without question, RCG Management has been an excellent steward of the City's stable property for these past eight years and operated an outstanding facility with successful programs.

On October 9, 2007, Council received a status report concerning the concession agreement and authorized staff to enter into discussions with RCG Management to renegotiate (if possible) the current concession agreement. As a secondary measure, Council authorized staff to begin preparation of a Request for Proposals (RFP) to transition to a new stable operator.

### **Preparation of RFP**

When it became clear that discussions with RCG would not result in a successor concession agreement, City staff began preparation of the RFP. We met with Stable Liaisons (Mayor Pro Tem Perkins and Councilmember Humphrey) and issued the RFP on September 26, 2008. A copy of the RFP is included as Attachment B to this report. Because of the specialized nature of stable operations, we advertised the RFP on equestrian based web sites and provided copies of the RFP to RCG and to local boarders who had expressed a possible interest in submitting a proposal. A synopsis of the advertising of the RFP is included as Attachment C to this report. While a total of four private parties participated in the required walk-through of the stables, the City received one proposal by the submittal deadline of October 31, 2008. A copy of this proposal is included as Attachment D to this report and is summarized below.

## **Qualifications of HGS Management**

The proposal was submitted by a wife/husband combination – Erin Isom-McLewee and David McLewee aka HGS Management LLC. Ms. Isom would be on site to oversee/manage the stables. Mr. McLewee is a businessman specializing in marketing of luxury hotels/facilities.

As part of the RFP, we included information on the current stables operation and a copy of the existing RCG concession agreement. We asked the prospective operators to highlight their experience and credentials for operating the stables. The proposal received from HGS Management is very comprehensive and satisfied all our stated requirements.

As outlined in the proposal and in meetings with HGS, Erin Isom is certainly knowledgeable and experienced in stable operations. She previously managed two stable facilities in Arizona for five years from 1998 to 2003. For the past five years, she has managed private property known as Canyon Ranch in Rolling Hills Estates. That property is in the process of being sold, rezoned, and converted into a different use – thus prompting her interest in our facility. The proposal outlines in some detail her work at these facilities and includes letters of reference from prior facilities and boarders.

In addition, Erin Isom is an accomplished jumper and trains advanced level English riders. In my meetings with Mr. and Mrs. McLewee, I believe they are prepared to invest a significant amount of time and resources to properly operate the stables and know what they are about to take on. They bring energy and enthusiasm (as well as hands-on management) that should serve the City and the current boarders well. The key elements of the HGS proposal are provided below.

## **Retain Public Status of Palos Verdes Stables**

First and foremost, the Palos Verdes Stables is a public facility to meet the needs of the local equestrian community by offering both English and Western styles of riding instruction. We are pleased that instruction in both styles of riding will continue along with the current public programs. HGS will continue the summer camp program (Western Camps to continue to be offered by Callie Bell Performance Horses) as well as new camps in English disciplines. Interested riders will have an opportunity to join and compete in the Interscholastic Equestrian League, which is currently affiliated with both Palos Verdes High School and Peninsula High School. Ensuring that the stables remain open and available to the public for equestrian services has been a significant priority of the City.

## **Retain Current Stable Foreman, Stable Hands, and Trainers**

Erin Isom has indicated that she will retain the current Stable Foreman as well as the current stable hands. The staffing plan that RCG has in place is very efficient and provides a high level of service to boarders including the presence of a night watchman. The continued presence of the Stable Foreman, the stable hands, and the current trainers will provide needed continuity for the new operator. HGS has agreed to provide the same level of pay and benefits to both Stable

Foreman and to the stable hands. As the first course of business, HGS will meet with the existing trainers operating at the stables under contract to RCG and enter into contract discussions for their continuing operation at the Palos Verdes Stables.

### **Increase Profitability of the Stables**

The HGS proposal submits a significant amount of detail describing how they will make the stables profitable. As the Council is aware, the stables have not been a profit center as revenues have not covered costs for a number of years. The prospective stable concessionaire, HGS Management, has identified three primary measures to make the stables profitable. These measures are described below:

1. **Fill Stables to Capacity** – Currently there are 62 horses boarded at the stables and nine (9) empty pipe stalls. HGS will have these empty pipe stalls filled within a month with five of their own horses and four horses as selected from the current waiting list maintained by RCG Management. By filling the vacant pipe stalls, this will bring in an additional \$4,400 monthly in revenue to the stables, which equates to an additional \$52,800 in annual revenue.
2. **Increase in Board Rates** -- The current fees charged to board horses at the stables have remained the same since August 2007. Initially, HGS is proposing that boarding rates would remain unchanged for the first three months. However, after three months, their budget assumes that fees would increase by approximately 5% across the board. This equates to an increase of \$25/month for those who board at the stables effective June 1, 2009. There will remain a \$30 differential between the rates charged to resident versus non resident boarders at the stables. Implementing this rate increase will bring in an additional \$1,600 in monthly revenue to the stables, or approximately +\$19,000 on an annualized basis. Attachment E to this report is a copy of a survey which justifies the increase in the boarding rates by 5%.
3. **Establishing Other Service Fees** - - Currently, Boarders at the Palos Verdes Stables are provided the option of having Timothy Hay provided to their horses twice per day without extra charge. Timothy Hay is a premium hay product that is significantly more expensive than alfalfa. As outlined in the survey included in Attachment E, it is a common practice at other stables to charge a premium to boarders who insist on providing Timothy Hay to their horses. Effective June 1, 2009, HGS will implement a premium charge of \$50 monthly for 30 flakes of Timothy Hay provided to horses over the course of a month. In this sense, those boarders who insist on having this special hay provided to their horses will bear the added cost rather than the cost of Timothy Hay being passed on to all current boarders. This modification will generate approximately \$21,000 in additional revenue annually for the stables.

### **Concession Agreement**

Attachment F to this Report is a Resolution approving a new concession agreement with HGS Management LLC effective March 1, 2009 and implementing the fees reflected in their proposal effective June 1, 2009. Highlights of the concession agreement are as follows:

CITY COUNCIL AGENDA  
JANUARY 27, 2009

**Term** – Initial Five Year Term which may be extended by mutual consent of the City/HGS in the future;

**Concession Fee** – Same as currently in place – City to receive 5% concession fee on stable revenues;

**Concessionaire as Trainer** – Concession specifies that HGS may offer English riding lessons, provided that not more than 15% of available ring time will be used by HGS;

**Resolution of Disputes** – Concessionaire to appoint a Stable Committee and to develop a process for resolving disputes;

**Public Access** – All programs to remain available to the public on a first come, first served basis, with PVE residents having priority for services;

**New Boarding Facility** – HGS has expressed a desire to construct a new boarding facility in place of the current portable trailer on site. HGS is required to acquire all permits for the new facility and to cover all construction costs. City to receive concession fee payment after HGS recovers its capital cost;

**Boarding Contracts** – Concessionaire authorized to enter into new boarding contracts with current boarders. Collection of first and last month's rent is authorized as a standard practice at other stable facilities;

**Annual Audit** – HGS and City to share in the cost of an annual audit.

**Indemnification and Insurance Requirements** as drafted by the City Attorney;

**Letter of Credit** – HGS to provide an irrevocable letter of credit for the first two years of the concession agreement as added financial security for the City.

### **Alternatives Available to Council**

1. Adopt Resolution R09-03 approving a Concession Agreement with HGS Management, LLC for operation of the Palos Verdes Stables effective March 1, 2009 through February 28, 2014 and establishing service fees and approving a \$25.00 increase in boarding rates effective June 1, 2009.
2. Do not adopt Resolution R09-03 approving a Concession Agreement with HGS Management, LLC for operation of the Palos Verdes Stables effective March 1, 2009 through February 28, 2014 and establishing service fees and approving a \$25.00 increase in boarding rates effective June 1, 2009. If the Council were to choose this option, the City

would have to 1) enter into further negotiation with HGS Management, LLC, or 2) seek an extension to the current Concession Agreement from RCG Management, Inc. and develop a new Request for Proposals.

3. Adopt Resolution R09-03 approving a Concession Agreement with HGS Management, LLC for operation of the Palos Verdes Stables effective March 1, 2009 through February 28, 2014 and establishing service fees and approving a \$25.00 increase in boarding rates effective June 1, 2009, with modifications. These would be as specified by the Council (and agreed to by the Concessionaire).

### **Summary and Recommendation**

The City Manager, Assistant City Manager, and Council Liaisons have met with Mr. and Mrs. McLewee and the City Manager has negotiated the attached concession agreement which is recommended for Council adoption. With the concessionaire's stated desire to retain the current stable foreman, stable hands, and trainers, the transition to HGS Management should be a success. The completion of this concession agreement represents a significant amount of staff effort over the course of the past 18 months and we are appreciative of the continuing support and cooperation we have received from RCG Management during the course of the past months and years.

The transition of the stables to HGS Management will preserve and enhance the quality boarding and equestrian services provided via the Palos Verdes Stables. As outlined in the profit and loss statements included with the HGS proposal, the stables will generate an annual profit of approximately \$60,000 after satisfying all required expenditures including Payroll (\$175,000); Hay (\$105,000); Shavings (\$68,000) Concession Payments (\$25,000); Manure Removal (\$14,000) and other associated stable expenditures. As a final note, while the original submittal by the McLewee's referenced DRM Management as the operator, they have subsequently chosen to utilize HGS as their limited liability company. Mr. and Mrs. McLewee will be in attendance at the City Council meeting on Tuesday night to answer any questions the Council may have.

Staff recommends the adoption of Resolution R09-03 approving a Concession Agreement with HGS Management, LLC for operation of the Palos Verdes Stables effective March 1, 2009 through February 28, 2014 and establishing service fees and approving a \$25.00 increase in boarding rates effective June 1, 2009.

#### Attachments:

- A) June 12, 2007 Letter from RCG Management
- B) Copy of RFP
- C) Synopsis of RFP Advertising
- D) Copy of Proposal
- E) Survey of Rates Charged at Other Facilities
- F) Resolution Approving Concession Agreement, Establishing Service Fees, and Increasing Boarding Rates

**TO: JOSEPH M. HOEFGEN, CITY MANAGER**

**FROM: ALLAN RIGG, PUBLIC WORKS DIRECTOR**

**SUBJECT: REQUEST FOR DELAYED RATE INCREASE FOR REFUSE  
COLLECTION BY ATHENS SERVICES**

**DATE: JANUARY 27, 2009**

---

**The Issue**

Should the City Council approve a \$2.15 monthly rate increase, per single family residence, for solid waste and recycling collection services, to be effective July 1, 2008, to bring the total new monthly rate, including the AB 939 fee, to \$33.98?

**Background and Analysis**

On July 1, 2005, the City entered into an Agreement for Solid Waste and Recycling Collection with Norcal Waste Systems, Inc. On November 13, 2007, City Council approved the transfer of the contract to Arakelian Enterprises DBA Athens Services, with the condition that Athens Services assumes all of the obligations under the Norcal Waste contract. The agreement is scheduled to terminate on June 30, 2012.

The Agreement allows the Contractor to approach the City on an annual basis to request a rate adjustment, and Section 11 of the Agreement stipulates the method by which the Contractor may petition the City for such an adjustment. This increase is covered by the annual adjustment. The adjustment is based on a specific formula, governed by the CPI Modification (the change in the Consumer Price Index (Transportation Group) Los Angeles – Orange County – Riverside area as published in April of each year by the United States Department of Labor, Bureau of Labor Statistics), and the changes in solid waste and green waste landfill disposal costs.

Athens Services has submitted a request to the City for a rate increase based on this formula, to be effective July 1, 2008. The contract allows the monthly rate charged to residents to be increased by 86% of the CPI Modification, by 6% of the percent increase in generated refuse, and by 8% of the percent increase in generated greenwaste.

Although the contract calls for a 2008 rate increase request to be made prior to April 30, 2008, Athens and the City agreed Athens could delay processing that 2008 increase as long as Athens and

the City pursued the feasibility of mixed-waste pickup with the intention of implementing a new pickup system and the possibility of waiving the 2008 annual rate adjustment. That delay was agreed to with the understanding if a rate increase was requested after those good faith discussions, then that increase would be effective as of July 1, 2008. A mixed-waste pickup process did not prove to be a viable City alternative. Since the parties acted in good faith during those discussions, Athens is now proceeding with the process for a rate increase request, which would be effective as of July 1, 2008.

Currently, residents are charged \$31.83 per month, which consists of an actual rate of \$31.35 for refuse, green waste, and recycling collection and a \$0.48 AB 939 fee. The AB 939 fee will remain the same and is not used in the calculation of the new actual rate. Staff has reviewed the calculations submitted by Athens Services. Staff computations of the new actual rate and the total rate charged to residents differ slightly from Athens Services' computations, and are attached as Exhibit A along with documentation to support staff's computations.

According to staff calculations, a \$2.15 increase would bring the total monthly resident rate for waste hauling to \$33.98, a 6.86% increase over the current rate without the AB 939 fee, or a 6.75% increase over the total Resident Rate which includes the AB 939 fee. Similarly, rental rates for 3-cubic-yard bins will also increase by \$5.48. Current rental rates for a 3 cubic yard bin are \$79.78 and the calculations for the new bin rental rate are shown below the resident rate calculations.

Exhibit B contains Athens Services' letter requesting the increase as well as their calculations for a 6.83% increase of \$2.16 per single family residence. However, Athens Services' computations multiply their calculated CPI increase of 5.43% against the Total Resident Rate of \$31.83, which includes the AB 939 fee. The AB 939 fee can not be increased in this manner and should remain the same. Athens Services' values for the Puente Hills Landfill refuse disposal and greenwaste disposal costs differ slightly from those obtained by staff from the Los Angeles County Sanitation District. No documentation has been provided to support the amounts used. While the staff calculations support a new monthly single family rate of \$33.98, Athens originally requested a new rate of \$34.00. However, Athens is in concurrence with the monthly rate of \$33.98 as calculated by staff.

The proposed rate increases would be taken as effective July 1, 2008, but would be invoiced to residents during the next billing cycle. Staff has requested that Athens Services include an explanation of the increase on the invoice. In addition to that \$2.15 monthly increase with that next billing cycle, Athens will also be including a one-time bill to residents for the payment of that increase from July 1, 2008. That one-time payment will be \$19.35 per resident assuming that next quarterly billing is sent in March to cover services from July, 2008 through March, 2009.

### **Alternatives Available to Council**

The following alternatives are available to the City Council:

1. Approve a \$2.15 monthly rate increase, per single family residence, for solid waste and recycling collection services, to be effective July 1, 2008, to bring the total new monthly



rate, including the AB 939 fee, to \$33.98. Approve invoicing for the increase during Athens' next available 2009 billing cycle.

2. Deny the request for a rate increase to solid waste and recycling collection services.
3. Decline to act.

**Recommendation from Staff**

Staff recommends that the City Council approve a \$2.15 monthly rate increase, per single family residence, for solid waste and recycling collection services, to be effective July 1, 2008, to bring the total new monthly rate, including the AB 939 fee, to \$33.98. Staff also recommends that City Council approve invoicing for the increase during Athens' next available 2009 billing cycle.

**Fiscal Impact**

Individual property owners pay for refuse and recycling service. There is no fiscal impact to the City.

Staff report prepared by

---

Floriza Rivera  
Public Works Department