

The City Council of the City of Orange, California convened on May 26, 1998 at 4:30 p.m. in a Regular Meeting in the Council Chambers, 300 E. Chapman Avenue, Orange, California.

4:30 P.M. SESSION

1. OPENING

1.1 PLEDGE OF ALLEGIANCE TO THE FLAG

Led by Mayor pro tem Slater

1.2 ROLL CALL

PRESENT - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez
ABSENT - None

1.3 PRESENTATIONS/ ANNOUNCEMENTS/ INTRODUCTIONS

The City Manager introduced the City's new Internal Audit Manager, Jim Benuzzi.

The City Manager presented Employee Recognition Service Awards to Virginia Powell and Jack Thomas. (C2500.J.4.18)

Linda Romero, on behalf of the National Arbor Day Foundation and the California Department of Forestry and Fire Protection, presented to the City of Orange the 1997 Tree City U.S.A award. Doug Kokesh was introduced as the City's new certified arborist.

Mayor Coontz announced the upcoming C.O.P.S. Expo on June 6-7 at the Mall of Orange. The Gogh Van Orange event has been rescheduled to June 6-7. American Legion Orange Post 132 will celebrate their 70th Anniversary in front of 143 S. Lemon Street on June 6th.

Mayor Coontz noted the following events have occurred since the last Council meeting:

- The Citizen's Police Academy Graduation
- Funfest at the Senior Center
- Orange Lutheran High School 25th Anniversary Celebration
- National Public Works Week at the Corporation Yard
- Chapman Law School Inaugural Hooding Ceremony
- Fairhaven Memorial Park Farewell Recognition of the Marines in El Toro

Councilman Alvarez announced he will be holding a community forum at Santiago Canyon College in East Orange on Saturday, May 30, 1998 at 10 a.m.

2. CONSENT CALENDAR**Tape 365**

- 2.1 Declaration of City Clerk, Cassandra J. Cathcart, declaring posting of City Council agenda of a regular meeting of May 26, 1998 at Orange Civic Center, Taft Branch Library at 740 E. Taft Avenue, Police facility at 1107 North Batavia, the Eisenhower Park Bulletin Board, and summarized on Time Warner Communications, all of said locations being in the City of Orange and freely accessible to members of the public at least 72 hours before commencement of said regular meeting.**

ACTION: Accepted Declaration of Agenda Posting and authorized its retention as a public record in the Office of the City Clerk.

- 2.2 Request Council confirmation of warrant registers dated May 7 and 14, 1998.**

ACTION: Approved.

- 2.3 Request approval of City Council Minutes, Regular Meeting, April 28, 1998 (continued from May 12, 1998) and Regular Meeting, May 12, 1998.**

NOTE: Councilman Alvarez recorded an abstention on the minutes of May 12th due to his absence.

ACTION: Approved.

- 2.4 Consideration to waive reading in full of all ordinances on the Agenda.**

ACTION: Approved.

AGREEMENTS

(REMOVED AND HEARD SEPARATELY)

- 2.5 Establish "Pass Through Fund" of \$70,000 for Annual Subdivision Plan Checking Services. (A2100.0 AGR-3040)**

SUMMARY: Appropriation of this fund establishes a mechanism to pay for services invoiced by the City's consulting plan checking engineer firm for work performed on private development projects. Invoiced amounts are collected from private developers as a reimbursement to the City. A contract with Gong Enterprises Inc. is presented for approval at this time. A second consultant will be considered if the demand dictates another is needed.

FISCAL IMPACT: Expenditure Account No. 100-5012-426700 \$70,000 - Revenue Account No. 100-5012-292100 \$70,000.

Discussion: Barbara DeNiro, (address on file), requested an explanation. The Director of Public Works explained a heavy plan check load is anticipated due to the Serrano Heights Project and other activity within the City. All expenses will be reimbursed from the fees collected from the developers.

2. CONSENT CALENDAR (Continued)

MOTION - Spurgeon

SECOND - Murphy

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved to appropriate \$70,000 to Account Number 100-5012-426700 and increase the revenue budget by \$70,000 in Account Number 100-5012-292100 to reflect reimbursement from developers. Authorized the City Manager to execute Consultant Services Agreement with Gong Enterprises Inc. for plan checking services in the amount of \$30,000.

2.6 Consultant Agreement with Willdan Associates for Construction Inspection and Public Relation Services for The City Drive Widening (SP-3210) and The Critical Intersection Improvement at The City Drive and Chapman Avenue (SP-3158). (A2100.0 AGR-3051)

SUMMARY: The Public Works Department solicited written proposals from four construction management firms. Two consultants responded and were ranked according to the quality of proposal, qualifications, experience, cost, and ability to meet the conditions of the Consultant Agreement. One more month has been added to the contract because of the staggered starting dates of the two projects which was not contemplated at the time proposal requests were issued. The Public Works Department negotiated the revised work scope with the top ranked consultant, Willdan Associates, and arrived at a final cost of \$125,994.00 for 5 months inspection and public relations services.

ACTION: Authorized Mayor and City Clerk to execute a Consultant Agreement with Willdan Associates for construction inspection and public relations services in an amount of \$125,994.00.

FISCAL IMPACT: Funds are available in the following account: 550-5011-483300-3235 \$125,994.00 (City Drive Widening/Chapman).

2.7 A request by Michael and Janet Bair to connect their property to a City of Orange sewer. (A2100.0 AGR-3050)

SUMMARY: The parcel, 20402 Amapola Alley, is in an unincorporated area of Orange Park Acres. It is located along the northerly boundary of the City-owned recreational trail running easterly from Ranchwood Trail to Santiago Canyon Road. Mr. And Mrs. Bair have received approval from the City for construction of a sewer in the recreational trail. They will be dedicating that sewer to the City of Orange.

ACTION: Approved the request and authorized the Mayor and City Clerk to execute on behalf of the City.

FISCAL IMPACT: None. Mr. And Mrs. Bair have posted the deposit as stipulated in item 3 of page 1 of the sewer agreement. Construction of the sewer and all connection and permit fees will be at their expense and they will also pay a sewer charge as per item 1 on page 2 of the sewer agreement.

2. CONSENT CALENDAR (Continued)**BIDS****2.8 Bid No. 978-39 - Three Backhoe Loaders (A2100.0 AGR-3027.III)**

SUMMARY: The three loaders are used for construction and maintenance projects by the Public Works Department throughout the City.

ACTION: Awarded Bid No. 978-39 to SMA Equipment Company in the amount of \$174,296.40 and authorized the Mayor and City Clerk to execute the contract on behalf of the City.

FISCAL IMPACT: Funds are budgeted in Account No. 720-5023-472102 (Motor Vehicle Replacement).

2.9 Bid No. 978-45 - One Six-Wheeled Dump Truck (A2100.0 AGR-3045)

SUMMARY: The six-wheeled dump truck is used for construction and maintenance projects by the Public Works Department throughout the City.

ACTION: Awarded Bid No. 978-45 to Westrux International in the amount of \$63,382.86 and authorized the Mayor and City Clerk to execute the contract on behalf of the City.

FISCAL IMPACT: Funds in the amount of \$63,382.86 are budgeted in Account No. 720-5023-472102 (Motor Vehicle Replacement).

2.10 Bid No. 978-32 - Project SP-3210, The City Drive Widening from the Garden Grove Freeway to Dawn Way/City Way. (A2100.0 AGR-3046)

SUMMARY: The City of Orange General Plan adopted August 22, 1989 identifies The City Drive and Chapman Avenue in the Critical Intersection Program component of the circulation element. The City Drive widening is necessary to alleviate congestion and promote a stable circulation system to accommodate future growth. This project is the second segment of the improvements along The City Drive from Chapman Avenue to the Garden Grove Freeway. The first segment is the improvements at the Critical Intersection of The City Drive and Chapman Avenue. These improvements will enhance access to the Mills Development scheduled to open in November, 1998.

ACTION: Awarded Bid No. 978-32 in the amount of \$1,531,553.60 to All American Asphalt and authorized the Mayor and City Clerk to execute the contract on behalf of the City.

FISCAL IMPACT: Funds are budgeted in the following account: 550-5011-483300-3235 \$1,531,553.60 (City Drive Widening/Chapman).

2. CONSENT CALENDAR (Continued)

(REMOVED AND HEARD SEPARATELY)

2.11 Bid No. 978-43 - Picnic Shelters at La Veta and El Modena Parks. (C2500.M.4)

NOTE: The City Attorney indicated staff requested the removal of this item as modifications need to be made to the report.

SUMMARY: Award Bid No. 978-43 to Varkel Construction, Inc. for the construction of picnic shelters at La Veta and El Modena Parks.

FISCAL IMPACT: Funds are budgeted in FY 1997/98 in the following accounts:

510-7021-481105-0086 (El Modena Park Renovation) \$44,657

510-7021-481105-0134 (La Veta Park Renovation) \$60,120

MOTION - Murphy

SECOND - Slater

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved to remove this item from the agenda.

(REMOVED AND HEARD SEPARATELY)

2.12 Bid No. 978-52 - Approve plans and specifications and authorize advertising bids for street lighting modifications in Old Towne.

NOTE: The City Attorney indicated staff requested the continuance of this item to June 9, 1998.

SUMMARY: This project will modify, replace or upgrade the existing street lights in Old Towne at the following locations: Northeast area (Orange St., Center St., Cleveland St. and Pine St.); Northwest area (Maple Ave., Lemon St., Olive St. and Palm Ave.); Intersection of Chapman Ave. and Center St.

FISCAL IMPACT: Funds are budgeted in the Capital Improvement Program utilizing TSIP and CDBG funds. The Engineer's Estimate is \$397,400.00.

MOTION - Murphy

SECOND - Slater

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved to continue to the June 9, 1998 Council meeting.

2.13 Approve plans and specifications and authorize advertising for bids for the Annual Street Maintenance Slurry Seal Contract at various locations for the fiscal year 1997-1998. (S4000.0)

SUMMARY: Plans and specifications have been completed for the annual street maintenance slurry seal at various locations. The project is ready to be advertised for bids. The estimated construction cost is \$742,000.

2. CONSENT CALENDAR (Continued)

ACTION: Approved plans and specifications and authorized advertising for bids for the 1997-1998 Street Maintenance Slurry Seal at various locations.

FISCAL IMPACT: Funds are budgeted in the Capital Improvement Program in the following accounts:

262-5021-483300-3120	\$611,208	(Local Street Maintenance)
262-5021-483300-3112	\$194,107	(Arterial Street Maintenance)
245-5021-473300-3190	\$ 15,000	(Bikeway Maintenance)

(REMOVED AND HEARD SEPARATELY)

2.14 Bid No. 978-35 for McPherson Athletic Facility (A2100.0 AGR-3044)

SUMMARY: Construction will be completed in two phases. Phase I will begin June 8, 1998 and includes grading, construction of the four soccer fields, outdoor multipurpose courts, hardscape, play equipment, walking path, tot lot and new parking lot. Phase II will be completed by December 31, 1998 and includes construction of the two concession buildings, baseball facility, block walls, landscaping and hardscape.

FISCAL IMPACT: Funds are budgeted in the following accounts:

510-7021-485100-0143	(Park, Acquisition & Dev. Ballfield Relocation)	\$393,000
550-7021-485100-0143	(County from Strawberry Field Funding)	\$2,713,000
510-7021-485100-0143	(Ballfield Relocation Account)	\$25,200

Discussion: Barbara DeNiro, (address on file), asked what the total Strawberry Field funding was? What else will it be used for? The City Manager indicated he met with County representatives to discuss the funding and an additional \$2 million for another City project.

Mayor pro tem Slater noted that Valley Crest was the only contractor that bid on the project. He expressed concern with the add-alternates and hopes that savings can be found to absorb some of the add-alternate items.

The City Manager expressed the same concerns and explained with the delays to the project, the \$145,000 is needed to sod the fields. The hydroseed process requires 90 days to mature and the fields would not be ready for school use or soccer season. It is hoped that most of the block wall is found to be structurally sound.

MOTION - Spurgeon

SECOND - Slater

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

2. CONSENT CALENDAR (Continued)

Moved to award Bid No. 978-35 to Valley Crest in the amount of \$3,131,200 for the construction of McPherson Athletic Facility; 2) approve a transfer in the amount of \$25,200 from Park Acquisition and Development Fund (510) Unappropriated Reserves and appropriated funds to the Ballfield Relocation Account No. 510-7021-485100-0143; and 3) authorize the Mayor and City Clerk to execute the contract on behalf of the City.

(REMOVED AND HEARD SEPARATELY)

2.15 Bid No. 978-36 for Main Library Renovation (A2100.0 AGR-3043)

SUMMARY: The City Council on January 27, 1998 approved funding in the amount of \$1,614,974 for the construction of the Main Library, including the Information Technology Center, moving costs and new shelving.

FISCAL IMPACT: Funds are budgeted for FY 1997/98 in the following accounts:

310-9645-481105-9900 (CDBG) \$325,000

500-7028-481105-9900 (Main Library Renovation) \$803,241

NOTE: The remaining fund balance of \$83,733 will include architectural fees, moving costs, new shelving and Information Technology Center.

Councilman Alvarez asked if monies saved on the bid could be set aside for a contingency or emergency fund. He expressed concern that more cabling may be needed after the completion of the remodeling for additional computer workstations. The City Manager explained the approximate \$48,000 difference between the engineer's estimate and the bid will be for change orders. The cabling is sufficient; additional cabling will not be needed.

MOTION - Mayor Coontz

SECOND - Slater

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved to award Bid No. 978-36 to Great West Contractors, Inc. in the amount of \$1,128,241 for the Main Library Remodel and reject all other bids. Authorized the Mayor and City Clerk to execute the contract on behalf of the City.

2.16 Bid No. 978-50. Approve plans and specifications and authorize advertising bids for city-wide striping and pavement marking. (S4000.S.3.3)

SUMMARY: This invites competitive bids for providing city-wide striping and pavement marking services.

ACTION: Approved plans and specifications and authorized advertising Bid No. 978-50 for the installation of traffic striping, pavement markings and raised pavement markers city-wide.

2. CONSENT CALENDAR (Continued)

FISCAL IMPACT: \$91,250 in next fiscal year's budget in the Contractual Services Account No. 100-5031-427100 will be appropriated for this contract. The contract will not be awarded until after approval of the 1998-99 Budget.

CLAIMS

2.17 CLAIMS FOR DAMAGES FROM:

- a. Susan Salgado, dba The Purple Turtle (C3200.0)

FISCAL IMPACT: None.

ACTION: Denied claim for damages and referred to City Attorney and Adjuster.

CONTRACTS

2.18 Contract with the Mall of Orange to hold annual C.O.P.S. EXPO. (A2100.0 AGR-1372.J)

SUMMARY: The Annual C.O.P.S. EXPO will be conducted at the Mall of Orange June 6th from 10:00 a.m. to 7:00 p.m. and June 7th from 11:00 a.m. to 6:00 p.m.

ACTION: Authorized the Mayor and City Clerk to execute on behalf of the City.

FISCAL IMPACT: None.

GRANTS

2.19 City of Orange Homeowner Participation Program. (C2500.G.1.3.1)

SUMMARY: A proposal to approve a Homeowner Participation Program (HOPP) grant for Case No. 640 and to authorize the Finance Department to prepare a warrant.

ACTION: Approved a HOPP grant in the amount of \$2,000 for Case No. 640 and authorized the Finance Department to prepare a warrant.

FISCAL IMPACT: Sufficient funds are available in the HOPP Fund 315. The HOPP grant will be recorded under Account No. 315-9653-427800-1221.

2.20 City of Orange Homeowner Participation Program. (C2500.G.1.3.1)

SUMMARY: A proposal to approve a Homeowner Participation Program (HOPP) grant for Case No. 644 and to authorize the Finance Department to prepare a warrant.

ACTION: Approved a HOPP grant in the amount of \$2,000 for Case No. 644 and authorized the Finance Department to prepare a warrant.

2. CONSENT CALENDAR (Continued)

FISCAL IMPACT: Sufficient funds are available in the HOPP Fund 315. The HOPP grant will be recorded under Account No. 315-9653-427800-1221.

RESOLUTIONS**2.21 RESOLUTION NO. 8932**

A Resolution of the City Council of the City of Orange approving Lot Line Adjustment LL98-4 adjusting lot lines of certain real property situated at 3903 and 3908 E. Mandeville Place in the City of Orange, County of Orange, State of California. (C2500.M.16.1 LLN-98-4)

Owners: Pat and Kay Boland

ACTION: Approved.

2.22 RESOLUTION NO. 8928

A Resolution of the City Council of the City of Orange upholding the recommendation of the Planning Commission of the City of Orange and approving the subdivision of property situated north of Santiago Oaks Regional Park, East of the Southern California Edison Serrano Substation, south of Anaheim Hills and west of Nohl Ranch Road in the Serrano Heights Specific Plan Area. (T4000.0 TRT-14359)

Tentative Tract Map 14359

Applicant: California Quartet, a California limited partnership

ACTION: Approved.

2.23 RESOLUTION NO. 8933

A Resolution of the City Council of the City of Orange approving Lot Line Adjustment LL98-5 adjusting lot lines of certain real property situated at 1730 and 1878 N. Main Street in the City of Orange, County of Orange, State of California. (C2500.M.16.1 LLN-98-5)

Owners: Arden Engineering Inc., and Southdown Inc.

ACTION: Approved.

(REMOVED AND HEARD SEPARATELY)

2.24 RESOLUTION NO. 8934

A Resolution of the City Council of the City of Orange declaring weeds as a public nuisance and initiating abatement proceedings. (C2500.M.2)

2. CONSENT CALENDAR (Continued)

Discussion: Barbara DeNiro, (address on file), requested the weeds be abated at the Southern California Presbyterian property on Taft and an updated report on the project. The City Manager responded the Fire Department will look at the property. Councilman Spurgeon asked that a report be provided once the weeds have been removed.

MOTION - Murphy

SECOND - Slater

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved to approve.

2.25 RESOLUTION NO. 8935

A Resolution of the City Council of the City of Orange relating to the classification, compensation, and terms of employment for Part-time and Seasonal Employees of the City of Orange, and repealing Resolution No. 8669 and amendments thereto, for said employees. (C2500.J.4.7)

ACTION: Approved.

2.26 RESOLUTION NO. 8943

A Resolution of the City Council of the City of Orange expressing appreciation to Alfred Remyn of the Public Works Department and commending him for more than 30 years of loyal and dedicated service. (C2500.M)

ACTION: Approved.

2.27 RESOLUTION NO. 8938

A Resolution of the City Council of the City of Orange upholding the recommendation of the Planning Commission of the City of Orange and granting a Conditional Use Permit to allow sale of beer and wine in connection with a restaurant upon property situated at the northeast corner of State College Boulevard and Rampart Street. (C3300.0 CUP-2200-97)

Conditional Use Permit 2200-97

Applicant: Manila Peninsula Restaurant

ACTION: Approved.

2.28 RESOLUTION NO. 8939

A Resolution of the City Council of the City of Orange upholding the recommendation of the Planning Commission of the City of Orange and approving the subdivision of property situated west of Esplanade Street and north of La Veta Avenue. (T4000.0 TRT-15519)

2. CONSENT CALENDAR (Continued)

Tentative Tract 15519, Minor Site Plan Review 39-97
 Applicant: TNR Development Corporation

ACTION: Approved.

2.29 RESOLUTION NO. 8944

A Resolution of the City Council of the City of Orange temporarily closing sections of Glassell Street and Chapman Avenue immediately abutting the "Plaza" area of the downtown business district for a special event. (S4000.S.4)

SUMMARY: The Orange Chamber of Commerce has requested the postponement of this year's Gogh Van Orange Arts & Music Festival to June 6-7, 1998, due to anticipated weather conditions. Council previously approved the closure of the Plaza for this event to occur on May 16-17, 1998.

ACTION: Approved.

(REMOVED AND HEARD SEPARATELY)

2.30 RESOLUTION NO. 8946

A Resolution of the City Council of the City of Orange establishing a new agenda format for all Regular, Adjourned, and Special Council Meetings and repealing Resolution No. 3862. (C2500.D)

Discussion: Barbara DeNiro, (address on file), asked for an explanation. The City Attorney explained Public Comments will be heard at the beginning of the 4:30 and 7:00 session. The Pledge of Allegiance and Invocation will be held only at the 4:30 session.

MOTION - Mayor Coontz

SECOND - Slater

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved to approve.

SPECIAL EVENTS

(REMOVED AND HEARD SEPARATELY)

2.31 Request for temporary suspension of permit parking restrictions within Permit Parking Area "A", (Downtown Area) for a special event. (S4000.S.3.1.2)

SUMMARY: The Orange Chamber of Commerce has requested the postponement of this year's Gogh Van Orange Arts & Music Festival scheduled to occur in the Historic Plaza area on Saturday and Sunday - June 6-7, 1998, due to anticipated weather conditions. Council had previously approved the temporary suspension of permit parking restrictions for this event to occur on May 16-17, 1998.

FISCAL IMPACT: None.

2. CONSENT CALENDAR (Continued)

Discussion: Carole Walters, (address on file), asked if permit parking will be suspended in all of Area A? The Director of Public Works explained the restriction would apply to the entire area.

MOTION - Slater

SECOND - Murphy

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved to approve.

2.32 Request for temporary removal of on-street parking in front of 143 S. Lemon St. (S4000.S.3.1.1)

SUMMARY: American Legion Orange Post 132 of 143 S. Lemon St., has requested the temporary removal of on-street parking in front of their building on Saturday - June 6th, 1998, for the rededication of their facility.

ACTION: Approved.

FISCAL IMPACT: None.

MOTION -Murphy

SECOND -Mayor Coontz

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Item Nos. 2.5, 2.11, 2.12, 2.14, 2.15, 2.24, 2.30, and 2.31 were removed and heard separately. Councilman Alvarez abstained on Item No. 2.3. Item Nos. 2.11 and 2.12 were continued for modifications to be made to the staff reports. The remainder of the Consent Calendar was approved as recommended.

END OF CONSENT CALENDAR

3. REPORTS FROM MAYOR COONTZ - None

4. REPORTS FROM COUNCILMEMBERS - None

5. REPORTS FROM BOARDS, COMMITTEES, AND COMMISSIONS - None

6. REPORTS FROM CITY MANAGER

Tape 904

6.1 Presentation of the Third Quarter 1997-98 Budget Report for the period July 1, 1997 through March 31, 1998. (C2500.E.4)

The City Manager presented the report.

Mayor Coontz requested that the columns in the Consolidated Revenues and Expenditures table be more explanatory in future reports.

6. REPORTS FROM CITY MANAGER (Continued)

Councilman Alvarez asked about the delay with the new utility billing software. The City Manager responded that staff has been working diligently with the contractor on this issue.

MOTION - Mayor Coontz

SECOND - Murphy

AYES - - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved to receive and file.

7. ADMINISTRATIVE REPORTS**Tape 1015**

7.1 Request by the City Attorney for the City Council to consider whether or not to recast its votes on the Quadrant Plan, the Conceptual Plan for the Plaza Park and Old Towne District Street Lighting Master Plan to remove the impact of a potential conflict of interest (continued from 5/12/98). (N1200.0 NEG-1553-98)

The City Attorney explained at the April 28, 1998 meeting the City Council voted 5-0 to approve the Quadrant Plan and the conceptual plan for the Plaza Park. Subsequent to the meeting, he had discussions with Councilman Alvarez. Councilman Alvarez decided that he should not have participated in the decision and that he would like to record an abstention. The sole purpose of bringing this back to the Council was so that Councilman Alvarez could record an abstention.

Councilman Alvarez commented: "Mayor, due to my ownership of properties located at 112 E. Chapman, 60 Plaza Square, and 131 and 129 S. Glassell, I will be abstaining from this for the record. I also wanted to clarify, or state for the record, that I had submitted a letter on May 5th stating that I had continued to review my vote after the April 28th meeting. I met with our former City Attorney Alan Burns in discussions with him in terms of conflicts of interests for me around the Plaza area. The reason, actually, what I didn't state in the letter, the reason why I felt I could vote on it, was in reviewing the conflict of interests laws, you begin to realize, in looking at the case law, that the 300 foot rule is really what they consider a litmus test. It is not an absolute in having to disqualify yourself. I think that needs to be made clear because, in this case, you have to make a decision whether there is a financial impact on property that I own, whether it is positive or negative.

I felt that because of the nature of changing the street lamp post, I could not, in my investigation, determine how a new street lamp post could affect my property, and that is the reason why I had voted on that. But, in talking with Alan Burns, I felt that the project is so positive in terms of trying to do something for the City that the Plaza really is seen as the face of our City. And its that important that I didn't want to get into an argument with the staff over lamp posts.

So, because of that, and in supporting the project, simply as a property owner, that I felt that the proper thing to do was to go back, ask the Council to do something that I understand hasn't been done before. And that was to ask the Council to come back, bring it back, actually to just cast their votes, so that I could show an abstention for it for the record. But, I think in the future what I intend on doing is, through the recommendation of my attorney, is to get an appraiser involved, because I feel it is very important for me to continue to vote. It's just that I want to continue to

7. ADMINISTRATIVE REPORTS (Continued)

vote and at the same time adhere to the conflict of interest laws. So, I am going to continue to look into this as it is a complicated issue. That is the reason why I have asked to bring it back. I guess it's provided an opportunity for everybody who loves the trees down there for a second chance. So that's basically where I was coming from at that point. And with that I need to step down."

Councilman Spurgeon asked Councilman Alvarez: "You indicated Mr. Burns as being your attorney. Did you consult prior to the hearing with our attorneys here in the City who are supposed to advise us?"

Councilman Alvarez responded: "Yes, I did. Just barely prior to the meeting. It's a good point. Because I felt, at that point, when I just briefly talked with him over it. In my fourteen years in real estate, I could not determine in any way possible, any formula used, that by changing a street lamp we would change the property value, either good or bad, to the properties that I am involved with. And that is really the litmus test for the conflict of interest, the 300 foot rule. It's not an absolute, it's simply to make a public official stop, re-look at an issue that he is going to vote on, to determine if there is a financial impact, either positive or negative. To this time, I cannot determine that, and even in talking to other appraisers since the vote, they wouldn't even know how to try to get actually an opinion for me with that. So, that's the reason why I felt that I was well within my right to vote on that. The City Attorney did express his concern. But, as I said before, it's not an absolute, that is the way the law is written."

Mayor Coontz: "I understood that he spoke with you three times. And one of the times was just before you got on the podium. And, if I had known as Chairman that there was a problem going on, because I was trying to run the meeting, I myself would have stepped in because this is the first time this has ever happened in the City of Orange where an issue like that, a conflict of interest, which is something that we are all told about when we run for office."

NOTE: Councilman Alvarez stepped down from the dais at 5:20 p.m.

The City Attorney explained the reason for bringing this item back to Council was to allow Councilman Alvarez to abstain and to show any court, in case there was litigation, that the City Council would have acted with or without the Councilmember's participation. At the May 12, 1998 meeting, the matter was continued to solicit public comments concerning the pine trees.

Under the City's Ordinance, for the City Council to reconsider its action, a motion to reconsider has to be made, adopted, and then approved by a majority of the Council, i.e. three members. If the motion for reconsideration is not adopted and approved, it dies and the last action taken by the Council stands. If the motion for reconsideration is adopted, the Council would have to take action on the Quadrant approval again. If consideration is given to the pine trees, it would significantly alter the Plan and staff would have to come back with a new plan for the Quadrants.

Mayor Coontz commented that letters were received both pro and con, noting there was some confusion about the location of the pine trees. She clarified that the trees being addressed are located in the quadrant area, not in the Plaza Park.

7. ADMINISTRATIVE REPORTS (Continued)**SPEAKING IN FAVOR OF REMOVING THE PINE TREES:**

- Ramon Calderon, 146 N. Pine Street
- Hank Mascolo, (address on file)
- Pat Buttress, 3434 E. Westridge Drive
- Chuck Burwell, 4249 E. Cornwall Avenue, President of Chamber of Commerce
- Carroll Johnson, 100 So. Glassell

REASONS FOR SUPPORTING REMOVAL OF THE PINE TREES: Pine trees are messy and create safety issues; not the right place for the Pine trees; would be better saved and transported elsewhere; removal of trees would allow more pedestrian room and easier egress and ingress into the center of the Plaza; Palm trees would utilize historical aesthetics; their removal will highlight businesses and lower maintenance costs.

SPEAKING IN SUPPORT OF KEEPING THE PINE TREES:

- Carole Walters, (address on file)
- Ray Hall, 237 N. California Street
- Jim Barry, President of Orange for Trees, 4705 E. Chapman
- Antonia R. Monzon, 1275 E. Walnut Avenue
- B. L. Herbst, 1435 E. Walnut Street, spoke regarding petition which was submitted to Council with 231 signatures of individuals opposed to removal of the pine trees.
- Jim Hathcock, 5739-13 E. Stillwater Avenue
- Robert Boice, 143 N. Pine Street, addressed CEQA
- Janine McCormack, 240 N. California Street
- Irene Malmgren, 280 N. California Street
- Anne Siebert, 340 S. Olive
- Warren Euchler, 241 Cleveland Street
- Todd Wallace, 1325 Dana Place, indicated he would donate his time to come up with a cost effective solution to save the pine trees.
- Susie Wallace, 1325 Dana Place
- Warren D'Ajirro, 270 N. California Street, read a letter of protest from Thomas Jackson, President of World Travel
- Carroll Johnson, 100 So. Glassell

Monica Hall, 914 E. Rose Avenue, spoke regarding plumbing problems from a Sycamore tree in the City parkway in front of her house.

REASONS FOR OPPOSITION TO THE PINE TREES REMOVAL: The City should take responsibility for the trees; pine trees are suitable because of deep-rooted nature; trees are tall, narrow, and majestic with a canopy that extends from 10-15 to 60 feet; litter can be controlled by pruning and deep irrigation; a drain line could be installed close to trunk or grade changed without impacting the trees; pine trees are part of history; trees are healthy and provide a visual connection to the buildings; financial burden to City by removing them; the Design Review Board originally recommended pine trees be included in the design for the quadrants but a plan was never presented to them; important community issue; handling this under a Negative Declaration violates CEQA.

7. ADMINISTRATIVE REPORTS (Continued)

In response to Mayor Coontz, the Community Services Manager explained Phase I of the Quadrant Plan includes the removal of the planter boxes, removal of the Pine trees and replacement with Palm trees; street furniture and lighting as approved by Council; and the brick pavers being replaced with scored concrete. The potential expansion of the curb line not to exceed 13 feet will have further review. Funding will be allocated after July 1, 1998 for Phase II, the Park Plaza, which includes the improvements of landscape and hardscape elements inside the Park Plaza. Council approved the formation of an ad hoc committee which will provide further input into the design and development of the Park Plaza. The names of individuals selected will be brought back to Council.

The consultant presented a plan to remove the Pine trees in order to return to the historical character of Orange, targeting the period of the 1880's and 1930's. The brick pavers would be removed due to slip and fall issues related to the needles and cones from the Pine trees. The Plan would not be feasible unless the planter boxes were removed. There are storm drain issues. The public right-of-way needs to be evaluated by a Civil Engineer to improve the grading and drainage problems in the quadrants. Removing the hardscape would involve trenching to provide some electrical wiring, irrigation, storm drain connections, and catch basins. Could the pine trees withstand all of the construction and live during this period? If Council were to make the change, the Plan would have to be altered and a new plan presented for Council's consideration.

The consultant has had contact with some companies who would remove the Pine trees at no cost to the City. There has been limited discussion as to where they would be re-established. Fifty-two (52) Palm trees, which would be 40 and 25 feet in height, are proposed to be planted in the quadrants.

Mayor pro tem Slater commented he has come to the opinion that removing the Pine trees is a drastic move that will significantly alter the look of the Plaza. At the time he voted for the removal of the Pine trees, he thought it might not be a good idea, admitting he made a mistake when he voted to remove the Pine trees last month. After gathering more information and hearing from more people, he thinks an alternative plan should be presented. The Plan presented is a very good one, well thought out, with a lot of input. However, Council has not seen or considered an alternative plan. Concern was expressed that all Palm trees would be overkill. The Pine trees have an estimated appraisal of \$430,000, which is an asset to the City. He understands there has never been a lawsuit resulting from the Pine trees. The Pine trees provide shade for outdoor dining, which Palm trees do not. Concern was expressed that something too drastic is being done to an historic district. He further indicated he was under the impression that the Planning Commission and Design Review Board members had reviewed the plan, which they had not.

MOTION - Slater

SECOND - Murphy

AYES - Murphy, Slater, Spurgeon

NOES - Mayor Coontz

ABSTAIN- Alvarez

Moved to ask that a proposal come before Council that would include saving the Pine trees.

7. ADMINISTRATIVE REPORTS (Continued)

NOTE: Mayor Coontz confirmed with Mayor pro tem Slater that his motion is asking for reconsideration of Council's action. Councilman Murphy noted he seconded the motion for reconsideration to recast the votes, based on the City Attorney's request to allow that there be an accurate vote taken, so there would be no liability issues involved with having a Councilperson vote who had a conflict of interest.

Mayor Coontz explained she voted no on the reconsideration as she was concerned that this could happen on any semi-controversial issue.

a. Quadrant Plan and Conceptual Plan for the Plaza Park

MOTION - Spurgeon

SECOND - Mayor Coontz

AYES - Murphy, Slater, Mayor Coontz, Spurgeon

ABSTAIN-Alvarez

Approved Negative Declaration 1553-98 with the finding that the project will not have a significant adverse impact on the environment.

The Director of Community Development confirmed that Negative Declaration 1553-98 was prepared according to CEQA and includes the information needed to understand the environmental impacts of the project. The Community Services Manager indicated changes to the Park Plaza recommended by the Committee in the future may require amending the Negative Declaration or require a Mitigated Negative Declaration showing mitigation monitoring issues.

MOTION - Spurgeon

SECOND - Murphy

AYES - Murphy, Mayor Coontz, Spurgeon

NOES - Slater

ABSTAIN- Alvarez

Approved the Quadrant Plan, except for 1) the location of the trees in movable planters; 2) the installation of light bollards at the corners of the intersections; and 3) the street furniture, and referred these specific items to the Committee to be formed by the consultant.

The Community Services Manager explained the proposal is to remove the trees to do excavation work under the brick paver areas and extend the curb line. Mayor pro tem Slater indicated in discussions with arborists, because the Pine trees are so deep-rooted, he understands the excavation would not pose a problem to the tree. He believes an alternative plan to save the Pine trees should be considered by Council, with the Palm trees in the corners as they were originally.

Councilman Murphy noted he had confirmation from the consultant that there is an agreement that will be drafted for a tree service to move the trees. Some of the trees would stay in Orange. The majority would go to the tree mover in exchange for the services rendered.

7. ADMINISTRATIVE REPORTS (Continued)

MOTION - Murphy
SECOND - Slater
AYES - Murphy, Slater, Mayor Coontz, Spurgeon
ABSTAIN- Alvarez

Approved to proceed with the conceptual plan for the Plaza Park using the advice of the Committee created by the consultant, and the committee to return to Council within 90 days to indicate their recommendations for the entire plan.

MOTION - Murphy
SECOND - Spurgeon
AYES - Murphy, Mayor Coontz, Spurgeon
NOES - Slater
ABSTAIN- Alvarez

Authorized staff to advertise for bids for the quadrants and approve a transfer in the amount of \$395,000 from the General Fund Unappropriated Reserves to Fund No. 500 (Capital Projects) and appropriate funds to the Plaza Renovation Account No. 500-7021-485100-9875.

Councilman Alvarez returned to the dais at 6:40 p.m.

7.2 Treasurer's Report for the period ending April 30, 1998. (C2500.F) Tape 4160

The Finance Director presented the report.

MOTION - Slater
SECOND - Murphy
AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved to receive and file.

7.3 Refunding Outstanding Bonds for Assessment District No. 90-1 (Crawford Canyon). (A2100.0 AGR-3047; AGR-3048; AGR-3049)

The Finance Director reported the original bonds were issued in 1990 in the amount of \$4,003,000. The proceeds were used to construct infrastructure for Crawford Canyon Road, including street, storm drain, lighting, curbs, gutters, and retaining wall improvements. The homeowners would save approximately 16% annually on their assessments, or \$190-250 annually, depending upon the size of the property and assuming the current interest rate is maintained. The current schedule anticipates Council consider the financing documents and Preliminary Reassessment Engineering Report at the June 23, 1998 meeting.

Mayor Coontz requested an area map be included with future reports.

7. ADMINISTRATIVE REPORTS (Continued)

RESOLUTION NO. 8942

A Resolution of the City Council of the City of Orange declaring intention to refund the outstanding Bonds of Assessment District No. 90-1 (Crawford Canyon Road), to levy reassessments as security for the refunding bonds and to continue the lien of the original assessments on certain parcels of property in the assessment district, and employing bond counsel, disclosure counsel, financial advisor and ratifying the City Manager's employment of reassessment consultant.

MOTION - Mayor Coontz

SECOND - Alvarez

AYES -Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved that Resolution No. 8942 as introduced, be adopted and same was passed and adopted by the preceding vote.

7.4 Report from the City Attorney regarding the renewal of the City Manager's Contract. (A2100.0 AGR-2501.B)

The City Attorney explained the City Manager's current contract requires the City Council to meet in March, 1998 and determine whether or not to extend the City Manager's contract for another three years. The proposed contract would not result in any pay increases to the City Manager. The current contract expires in March, 1999. The new contract provides for a three year agreement beginning May 12, 1998 through May 12, 2001.

Carole Walters, (address on file), commented that Council should wait until the trash investigation is over to renew the contract. If the contract cannot be renewed, he should be given six months to find another job. The City Attorney explained if a conflict of interest situation was found, and intent was shown, the contract allows the Council to end the contract. This would be the case with the newly proposed contract or the existing contract. The new contract does not result in additional benefits to the City Manager.

Mara Brandman, 7319 Equitation Way, asked what the hurry is to renew the contract? Must the Council take action on the contract now? The City Attorney responded the Council does not have to grant a three-year extension at this time. He believes the contract does require the City Council to make a decision at this time whether or not to extend the contract. The City Manager is entitled to have his performance evaluated in Closed Session according to the Brown Act.

Nick Lall, 6231 E. Mabury Avenue, commented it would be ill-advised and poorly timed to renew the contract at this time. Multiple conflicts occurred which stemmed from the contracts with ORRS and ODS. He referred to the May, 1996 memo being a critical issue. The decision to renew the contract should wait until the investigation is completed. The City Attorney responded under FPPC regulations any decision that Mr. Rudat made at that time with respect to the May, 1996 memo would not have constituted a conflict, as the twelve month period did not begin to run until September, 1996. From the information the City has now, most of the fraud occurred before May, 1996.

7. ADMINISTRATIVE REPORTS (Continued)

Norm Phillips, 348 Redwood, commented that the vote to renew the contract should be put off until after the November election. The contract states that on December 8th the City Manager would be reviewed again for an increase in salary. Mr. Phillips asked if the disability benefits increase from \$7,500 to \$10,000 a month in the new contract? The City Attorney explained the contract does not change the City Manager's compensation nor change how the Council would approach any decision by the District Attorney. The disability benefits increase to \$10,000. However, there would be no additional cost to the City. The contract always contemplated the disability would be set at 70% of salary, but was never adjusted to reflect that.

Mayor pro tem Slater commented the decision should be considered after the November 3rd election. He expressed concern with the buy-out cost, should a decision to terminate the contract be made after November, 1998.

Councilman Murphy commented he feels it is the right time to vote on the contract. He referred to a clause in the contract in which the City reserves the right to terminate the agreement for any reason prior to May 12, 2001 by providing the Manager written notice of election to terminate as authorized by a majority of the City Council. The City Manager works at the pleasure of the Council. The contract is up for review at any time based on the pleasure of the majority of the Council. The buy-out cost to the City would be the same under the present and proposed contract.

Mayor Coontz commented the issue was discussed thoroughly in Closed Session.

Councilman Spurgeon asked if there is a Code provision wherein a Councilmember, newly elected or otherwise, cannot remove or take action to remove a City Manager for at least 90 days after an election? The City Attorney responded it is a State law.

MOTION - Spurgeon

SECOND - Mayor Coontz

AYES - Murphy, Mayor Coontz, Spurgeon

NOES - Slater, Alvarez

Moved to approve a three-year contract with David Rudat to serve as City Manager.

MINUTE ORDER - COUNCILMAN ALVAREZ: "As a minute order, for the record, just to clarify my no vote. Basically, my position was, I'm trying to stay consistent with what my review was. My personal review of Dave. And, I felt at this point, there were a lot of things in the contract that I couldn't agree with. And, apparently, I thought we were going to be taking this back to Closed Session to discuss it and hopefully get some more changes. But, because of that, at this point, I couldn't support it."

7.5 Report from the City Attorney on the KPMG Settlement.

The City Attorney reported approximately one week ago the County settled with KPMG Peat Marwick for \$75 million for losses associated with the bankruptcy. The City also had filed a separate lawsuit against KPMG alleging the City had contacted KPMG in Spring, 1994 to get

7. ADMINISTRATIVE REPORTS (Continued)

advice regarding the safety of the investment pool. Assurance was received from KPMG that the investment pool was safe. As part of the \$75 million settlement, the City will receive \$1.3 million to offset the losses incurred.

Mayor Coontz asked how many participants were involved in the lawsuit? What was the potential number of participants that did not get involved? The City Attorney responded the Orange County Transportation Authority (OCTA), Orange County Water District, and the City of Orange separately sued KPMG. He indicated he believed there were other agencies that would have had the same causes of action as the City, but was unsure of how many.

Carole Walters, (address on file), commented on the settlement and asked who the City was getting \$480,000 from? How much is it costing for attorneys? The City Attorney responded the City's pro rata share of \$75 million County settlement with KPMG is \$480,000. By the City filing a separate lawsuit, after the attorney fees were paid, the City will receive an additional \$1 million that it would not have otherwise received.

8. LEGAL AFFAIRS - None**9. RECESS TO THE MEETING OF THE ORANGE REDEVELOPMENT AGENCY**

The City Council recessed at 7:50 p.m. and reconvened at 8:00 p.m.

10. ORAL PRESENTATIONS**Tape 220**

Norm Phillips, 348 Redwood, expressed disappointment that the City Manager's contract was renewed; commented it looks like there was some kind of pay back; indicated his question regarding the review of the contract on December 8th was not addressed; and commented on the City's web page. The City Attorney responded the compromise was there would be no increase in salary, but the contract would be reviewed again in December. At that time, it could be better determined if the City Manager's salary is in line with the median. The City Council has the sole discretion as to whether an increase is appropriate. The maximum allowed under the contract for severance pay is one year, if the Council decides to terminate the agreement for no cause. The City Manager responded the City Council recently approved a contract with BRC to assist with the web site and the City endeavors to improve it.

Barbara DeNiro, (address on file), commented on funding for projects in Old Towne and the parking in-lieu fee; said the rest of the City is not being dealt with fairly; and asked for an explanation. Concern was expressed that senior bingo has started again. She thanked the firemen in the audience who indicated they will check the weeds on Taft, next to the Southern California Presbyterian Church. Ms. DeNiro asked if The Block at Orange is a different entity than the Mills Corporation? Councilman Murphy explained the company is the Mills Corporation. They changed the name to The Block at Orange on the basis of how different the project is from the rest of the Mills projects. The City Manager briefly explained the parking in-lieu fees and suggested Ms. DeNiro meet with the Director of Community Development or his designee if she needs more information. Council saw the need to come forth now with funding to provide the necessary improvements in the Plaza area. Mayor Coontz said the Senior Center

10. ORAL PRESENTATIONS (Continued)

previously had operational problems; new arrangements have been made. The Police Department works carefully with every bingo operation.

Carole Walters, (address on file), commented that laws should not be made if they cannot be enforced. Since 1990, how much has been paid for attorney fees for lawsuits? Who pays for City business cards? Ms. Walters indicated she filed papers with the District Attorney naming people she is afraid of. The City Manager responded business cards are provided and paid for by the City.

Mayor Coontz asked if a meeting was held with Ms. Walters to resolve her concerns? The City Manager responded that he, Mayor pro tem Slater and Councilman Murphy met with Ms. Walters and her husband. They were told if they could provide any substantial proof of evidence, it would be investigated. The City is truly concerned for the conduct of any of its employees and deals with personnel issues very seriously.

Mara Brandman, 7319 Equitation Way, expressed her disappointment with the renewal of the City Manager's contract; commented on tree debris in the streets being swept by the City; and asked what is going to happen to the plaques in the Plaza? Mayor Coontz responded the plaques will be relocated in such a way that they will be easier to see and read. The City Manager responded the City sweeps the streets in the downtown Plaza area and has taken on contracts to sweep more often.

Mayor pro tem Slater indicated a comment was made to him that the trash cans overflow quite often in the downtown area. The City Manager responded staff will look into this issue. However, often times the businesses are using the trash cans.

Robert Boice, 143 N. Pine Street, expressed concern with the conceptual plan for the Plaza Park, as it calls for a lot of changes downtown. The section of CEQA he is concerned with are preservation issues. He requested that Council direct staff to provide him a letter with items they might perceive as needing additional environmental review in this project and how they would deal with mitigation monitoring. Mr. Boice asked that his wife Gloria Boice be nominated to the Committee as a citizen-at-large. It is important that someone be utilized that can identify what items involving the traffic circle and Plaza square are historically important enough to trigger CEQA.

Mayor Coontz suggested Mr. Boice send a letter with his request. She explained that Council described categories from which the consultant could choose the Committee. The information will be provided to the Director of Community/Library Services and the City Manager for review.

Councilman Murphy suggested the information be prepared; the findings of the Committee be posted; and the recommendations be brought back to Council. At that time it could be stipulated whether there are items that may have an environmental impact that would require mitigation. The Director of Community Development said the issues that are historically important to the community are those that are going to be most important to the Council in making an ultimate decision. Mayor Coontz commented that some recognized organizations interested in historical issues are the Historical Society and the Old Towne Preservation Association.

10. ORAL PRESENTATIONS (Continued)

Tom Landig, 8017 E. Eucalyptus Trail, asked about the status of the CAL ID fingerprint system? When will there be an up-to-date functioning fingerprinting system? The City should utilize Fairhaven Cemetary which has a fully qualified arboretum engineer. Every tree is on a blueprint. Councilman Spurgeon responded the County Board of Supervisors voted 3-2 in support of the CAL ID program. Mayor Coontz stated the City has a geobase map for all the trees in the City.

Todd Wallace, 1325 Dana Place, complimented Councilman Alvarez for rescinding his vote on the tree issue which provided an opportunity for further discussion. Mayor pro tem Slater was complimented for admitting he made a mistake.

Aleta Bryant, 148 North Waverly Street, expressed disappointment with the vote on the pine tree issue. She asked that Council address the issue of the private party that has generously offered to remove the pine trees and requested one for the front of her property. She hopes the party will not profit by relocating them or selling them to developers elsewhere at the expense of the people in the City of Orange. Ms. Bryant commented the City Clerk's husband is the consultant on the project, indicating there is an appearance of impropriety on how issues like this are being handled.

The City Manager reiterated that no trees will be removed until the City Manager or his designee has reviewed either the agreements, the cost of removing the trees, and/or the resale value of the trees. The City Attorney explained a \$400,000 value could not be placed on the pine trees with respect to when they are removed by a contractor. He explained there would not be a conflict of interest with regards to the consultant being the husband of the City Clerk, as the City Clerk does not make or participate in the decision making process with respect to hiring her husband.

Ron Hall, 914 E. Rose, expressed his appreciation to Mayor pro tem Slater for retaining the large Sycamore tree in front of his rental property at 1309 Birch Street (corner of Birch and Main). However, the tree has cost him a lot of money in plumbing costs. He asked consideration be given to allow him to remove the tree. Receipts will be provided for review.

Mayor pro tem Slater explained that prior to serving on the City Council, he had written a check for \$200 to the City in order to save the Sycamore tree, which was marked to be removed, so that a clean out could be installed to solve the plumbing problems it was causing.

11. RECESS

The City Council recessed at 9:35 p.m. (after the 7:00 p.m. Session) to a Closed Session for the following purposes:

- a. Conference with Labor Negotiator pursuant to Government Code Section 54957.6: City Negotiator: Personnel Director Steven Pham; Employee Organization: Orange City Firefighters
- b. City of Orange vs. Metropolitan Life Insurance, et al. Orange County Superior Court Case No. 78 71 95.
- c. To consider and take possible action upon such other matters as are orally announced by the City Attorney, City Manager, or City Council prior to such recess unless the motion to recess indicates any of the matters will not be considered in Closed Session.

7:00 P.M. SESSION**12.1 INVOCATION**

Allan Stark, Orange North Rotary

12.2 PLEDGE OF ALLEGIANCE TO THE FLAG

Led by Mayor pro tem Slater

12.3 ANNOUNCEMENTS - None**12.4 INTRODUCTIONS - None****12.5 PROCLAMATIONS - None****12.6 PRESENTATIONS - None****13. PUBLIC HEARINGS****13.1 JOINT PUBLIC HEARING, 1998-99 FISCAL YEAR BUDGET, CITY OF ORANGE (C2500.J.1.1)**

Tape 2052

Time set for a joint public hearing with the Orange Redevelopment Agency to consider the adoption of the 1998-99 Fiscal Year Budget and adopting a limitation on certain appropriations in accordance with Article XIII of the State Constitution.

The City Manager submitted the budget proposal for the period July 1, 1998 through June 30, 1999. Subject to testimony received at the public hearing, adoption of the documents insure that the City has established a set of legally adopted appropriations, met all the requirements of the Gann Initiative, and complied with the Measure M funding requirements of a Seven Year Transportation Capital Improvement Plan.

The budget document represents a balanced spending plan that continues to reinforce the City's financial position; redirects City resources to better serve the citizens and businesses of the community; helps maintain the City's focus on organizational, product and service improvements; and reinvests in certain aspects of the public's infrastructure which has been deferred during the recession.

The 1998-99 proposed expenditure budget totals \$118 million.

BUDGET HIGHLIGHTS

- **Balanced Budget:** The proposed \$53.6 million General Fund budget is balanced with no tax increase and no layoffs or reduction of services. The City continues to aim for improved City services while simultaneously reducing operating costs. With the goal in mind, the proposed budget improves City services that directly and indirectly impact the public.
- **Positive Economic Environment:** The City continues to see signs of the state-wide economy rebounding. As such, the City is able to project a 4.9% increase in sales tax revenue for FY 1998-99. This is primarily due to a projected 3.5% increase in taxable sales

13. PUBLIC HEARINGS (Continued)

for the region and the opening of several retail projects such as Walmart. Although The Block project is expected to open in November, it is not anticipated that the City will receive any sales tax revenue generated by this project until the first quarter of FY 1999-2000.

- **Three New Police Officers:** The City is growing in population, in the number of businesses and in diversity. The Police Department is constantly striving to achieve improved results. Three new officers will be added in response to the anticipated increase in service levels generated by The Block at Orange, which is expected to have 10-12 million visitors annually.
- **Continued Emphasis on Technology:** The continued emphasis on technology city-wide will be seen through the new facilities made available in the Library remodel, the building permit process, a new utility billing system coming on line this fall, as well as expanded information on the City's Web page.
- **Promoting Orange:** The budget includes a new Community & Marketing Specialist position in the Economic Development Department. The position will coordinate print and cable media relations in conjunction with the City Manager's Office, coordinate special events and film productions, work on marketing of Orange to businesses and residents with input from the Economic Development Partnership and each of the departments that provide services to the community.
- **Continued Emphasis on Capital Improvements:** The budget includes \$18 million to be spent on 90 separate Capital Improvement Program projects for FY 1998-99, which will result in enhanced drainage, improved City streets, and improved park sites and tot lots.

CAPITAL IMPROVEMENT HIGHLIGHTS

- **McPherson Park.** This new park will have 18 acres of recreation space with five baseball fields and four soccer fields for the City's very active youth.
- **Main Library.** The renovated Main Library will include 18,000 square feet of library space, with enhanced interior design and lighting, reconfigured book shelving, a new children's library section, new Information Technology Center, and improved handicapped access. The grand re-opening is expected to be in November, 1998.
- **The City Drive Widening.** This two-year widening project, worth over \$4.6 million, will be completed in October, prior to The Block at Orange grand opening in November.
- **Widening of LaVeta/Main Intersection.** This two-year project will include widening of LaVeta from Main to Batavia for better circulation through the area.
- **Widening of Chapman and Main Intersection.** This project will also improve the circulation through the heavily traveled intersection.
- **Improvement Projects at Eight Park Sites.** Over \$2.7 million will be spent on various park improvement projects, including those at Hart Park, Handy Park, and Eisenhower Park.

13. PUBLIC HEARINGS (Continued)

- **Improvement to Sacramento Street Storm Drain.** The City continues to make great strides in improving the City's storm drain systems. A number of drainage projects were completed prior to the start of El Nino last year.
- **City Entryway and Monument Signs/Seed Money for New Library.** As the Council directed at the workshop on the Capital Improvement Program Plan, \$300,000 has been included for City entryway and monument signs. \$500,000 in seed money for the new library was identified that the Council set aside earlier this year. It is hoped that the new library can be funded by a combination of City funds and private contributions generated through the Library foundation.

SUMMARY OF REVENUES

Estimated revenues for the FY 1998-99 budget total \$108.4 million. The General Fund represents 49% or \$53.6 million of the total budget. Excluding one time revenue such as the Wymer monies the City has recovered and the sale of the old Fire Station 6 site, the General Fund revenues are projected to increase by approximately 3.2% for FY 1998-99.

Significant revenue changes include:

- Sales tax increases at 4.9% which is primarily due to an increase in taxable sales for the region and the opening of several retail projects.
- Property tax increases are estimated to be approximately 1.7% due to a projected slight increase in assessed valuations. The City continues to feel the impact of the early 1990's property tax shift as it amounts to a loss to the City of approximately \$2.5 million annually.
- Fines and forfeitures are scheduled to increase by about 26.9% due to a change in State law last year which allows cities to keep a greater share of their traffic citation revenue.
- Miscellaneous revenue decreases at 74.7%. The budget does not include any one-time revenues.
- State vehicle license fees account for 9% of the General Fund budget, or \$4.8 million dollars.

SUMMARY OF PROPOSED EXPENDITURES

The budget expenditures represent a continuation of the high level of services the community has come to expect from the City and a continuation of the City's investment in its community assets. The FY 1998-99 expenditure budget totals \$118 million. The General Fund expenditures are approximately \$53.6 million, an increase of approximately 1.7%. The Salary and Benefits portion of the budget has increased approximately 5.5%, primarily due to the funding of the first full year off the furlough. Costs for contract services have decreased 10.4% primarily due to large one-time consultant projects that were reflected in the 1997-98 budget. Police and fire services account for 65% of the City's General Fund.

13. PUBLIC HEARINGS (Continued)

Mayor Coontz expressed concern with the \$4.8 million impact on the City's General Fund budget if Assembly Bill 1776, which relates to the vehicle license fee, should pass. How would it affect the City's budget? The City Manager responded the legislature is still debating the issue. The League of Cities and others are pushing hard for the legislative body to reconsider the issue since it impacts all local governments and the County. If the legislature were to pass the issue and not back-bill, it would be completely devastating to every local agency and the County government throughout the State of California.

Mayor Coontz stressed the importance of cleaning up the entrances to the City. Mayor Hotline calls have been received for two years regarding the looks of the outlying areas of the City. Will this issue be addressed specifically by Public Works? Was an amount included in the \$18,000 budgeted? The City Manager responded the plan is to identify the vacant lots, assess how much it will cost to clean them up, and provide a report to Council.

Councilman Spurgeon commented the total cost for the CAL ID Program for FY 1998-99 will be \$123,000. Of the total, \$100,000 will come from asset seizure and \$23,000 from Federal Police Grants. The completion date is scheduled for June, 1999. The City Manager noted the funding is for a second reader in the Police Department. CAL ID will provide the first one.

MAYOR COONTZ OPENED THE PUBLIC HEARING. THERE BEING NO SPEAKERS,
MAYOR COONTZ CLOSED THE PUBLIC HEARING.

RESOLUTION NO. 8937

A Resolution of the City Council of the City of Orange adopting said City's Budget for the Fiscal Year 1998-99 and relating to transfers of funds between and within appropriations, transfers between funds and additional appropriations.

MOTION - Mayor Coontz

SECOND - Murphy

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved that Resolution No. 8937 as introduced, be adopted and same was passed and adopted by the preceding vote.

RESOLUTION NO. 8936

A Resolution of the City Council of the City of Orange adopting the appropriations limit for the Fiscal Year 1998-99.

MOTION - Mayor Coontz

SECOND - Alvarez

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved that Resolution No. 8936 as introduced, be adopted and same was passed and adopted by the preceding vote.

13. PUBLIC HEARINGS (Continued)

MOTION - Murphy

SECOND - Mayor Coontz

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved to adopt a finding that the portion of the budget subject to the Gann limit is \$42,697,948 and therefore is within the limit.

MOTION - Slater

SECOND - Spurgeon

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

Moved to approve the Seven Year Capital Improvement Program.

14. PLANNING AND ENVIRONMENT - None

15. ORAL PRESENTATIONS

Carole Walters, (address on file), commented people that address the Council have questions and comments, not complaints. Ms. Walters asked if Council is aware of a sign at the Police Department reads "United States of Orange," which she feels is inappropriate.

The Acting Police Chief explained the sign is in a private briefing room, out of public view, at the Police Department. It was paid for by the officers. In the 1970's, Orange was recognized as being active in apprehending criminals. Other cities gave the City this title. Over the years it became a recruitment slogan. It was not geared towards the community or anywhere else. The phrase "United States of Orange" originated at a narcotics meeting in 1972. It is a prideful thing for the police officers.

The City Council recessed to Closed Session at 9:35 and reconvened at 9:57 p.m.

16. ADJOURNMENT

MOTION - Mayor Coontz

SECOND - Murphy

AYES - Murphy, Slater, Mayor Coontz, Spurgeon, Alvarez

The City Council adjourned at 9:57 p.m.


CASSANDRA J. CATHCART, CMC
CITY CLERK


JOANNE COONTZ
MAYOR