

**MINUTES OF THE REGULAR MEETING  
OF THE CITY COUNCIL OF THE CITY OF  
SANTA ANA, CALIFORNIA**

**JUNE 6, 2017**

**CLOSED SESSION MEETING**

**CALLED TO ORDER**

COUNCIL CHAMBER  
22 CIVIC CENTER PLAZA  
5:14 P.M.

**ATTENDANCE**

COUNCILMEMBERS Present:  
MIGUEL A. PULIDO, Mayor  
MICHELE MARTINEZ, Mayor Pro Tem  
P. DAVID BENAVIDES (5:15 p.m.)  
JOSE SOLORIO  
SAL TINAJERO (5:21p.m.)  
JUAN VILLEGAS

COUNCILMEMBERS Absent:  
VICENTE SARMIENTO

STAFF Present:  
CYNTHIA J. KURTZ, Interim City Manager  
SONIA R. CARVALHO, City Attorney  
MARIA D. HUIZAR, Clerk of the Council

**PUBLIC COMMENTS** - None

COUNCIL RECESSED to Room 147 for Closed Session discussion at 5:14 p.m.

**CLOSED SESSION ITEMS**

The Brown Act permits legislative bodies to discuss certain matters without members of the public present. The City Council finds, based on advice from the City Attorney, that discussion in open session of the following matters will prejudice the position of the City in existing and anticipated litigation:

1. CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION pursuant to Paragraph (1) of subdivision (d) of Section 54956.9 of the Government Code:

1. City of Santa Ana v. Santa Ana Personnel Board(Brandon Sontag), Orange County Superior Court Case No. 30-2017-00902538-CU-WM-CJC
2. Nicole Quijas v. City of Santa Ana, Orange County Superior Court Case No. 30-2016-00850502-CU-OE-CJC
3. Brandon Sontag v. City of Santa Ana, Orange County Superior Court Case No. 30-2017-00902039-CU-OE-CJC

2. CONFERENCE WITH LEGAL COUNSEL -- POTENTIAL LITIGATION  
 Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9 of the Government Code: One case.

3. CONFERENCE WITH REAL PROPERTY NEGOTIATOR pursuant to Government Code Section 54956.8:

Address of Property: Properties Being Acquired for Bristol Street Widening Project Phases 3A and 4:

1. 1023 N. Bristol Street, Santa Ana, CA, APN 405-262-33, Owners: Robert E. and Jacoba E. Marlin, Trustees; James S. and Celia C. Cohen, Trustees
2. 1302 W. 11th Street, Santa Ana, CA, APN 004-111-22, Owner: Leticia Carrillo
3. 1027 N. Bristol Street, Santa Ana, CA, APN 405-274-09, Owners: Euler R. and Yolanda G. Ferrer, as members for E.R. Ferrer, LLC
4. 2231 S. Bristol Street, Santa Ana, CA, APN 015-194-36, Owner: Ozbag Zorayan Antranik, Trustee
5. 2223 S. Bristol Street, Santa Ana, CA, APN 015-194-28, Owner: Dianne Rose Mendez
6. 2205 S. Bristol Street, Santa Ana, CA, APN 015-194-24, Owner: Victoria Vargas Bastida
7. 2201 S. Bristol Street, Santa Ana, CA, APN 015-194-23, Owner: Victoria Vargas Bastida
8. 2209 S. Bristol Street, Santa Ana, CA, APN 015-194-25, Owner: R S Properties, LLC
9. 2105-2109 S. Bristol Street, Santa Ana, CA, APN 015-194-41, Owner: Thanh Ngoc Nguyen
10. 2240 S. Bristol Street, Santa Ana, CA, APN 408-471-06, Owner: Vicale, LLC
11. 2102 S. Bristol Street, Santa Ana, CA, APN 408-471-01, Owner: Tacos Mexico, Inc.

12.2120-2130 S. Bristol Street, Santa Ana, CA,  
APN 408-471-17, Owner: Au Zone Santa Ana,  
LLC

13.1241 W. St. Anne Place, Santa Ana, CA, APN  
015-215-10, Owner: Joel Cortes Cruz

14.1301 W. Camden Place, Santa Ana, CA, APN  
408-334-18, Owners: Pedro Castrejon,  
Natividad Castrejon

Negotiators: Interim City Manager

Terms: Conditions of potential sale

4. CONFERENCE WITH LABOR NEGOTIATOR pursuant to Government Code  
Section 54957.6(a):

Agency Negotiators: Personnel Services Executive Director, Ed  
Raya

Employee Organizations: Santa Ana Police Officers Association (POA)  
Service Employees' International Union (SEIU)  
Full-Time Employees

5. PUBLIC EMPLOYEE APPOINTMENT, EMPLOYMENT, EVALUATION OF  
PERFORMANCE, pursuant to Section 54957(b)(1) of the Government Code:

Title: City Manager / Interim City Manager

**CLOSED SESSION REPORT** - See Item 19A for any reportable actions.

**ADJOURNED THE CLOSED SESSION MEETING AT 6:41 P.M. AND CONVENEED TO  
THE REGULAR OPEN MEETING.**

## REGULAR OPEN MEETING

### CALLED TO ORDER

COUNCIL CHAMBER  
22 CIVIC CENTER PLAZA  
SANTA ANA, CA  
6:42 P.M.

### ATTENDANCE

COUNCILMEMBERS Present:  
MIGUEL A. PULIDO, Mayor  
MICHELE MARTINEZ, Mayor Pro Tem  
P. DAVID BENAVIDES  
JOSE SOLORIO  
SAL TINAJERO  
JUAN VILLEGAS

COUNCILMEMBERS Absent:  
VICENTE SARMIENTO

STAFF Present:  
CYNTHIA J. KURTZ, Interim City Manager  
SONIA R. CARVALHO, City Attorney  
MARIA D. HUIZAR, Clerk of the Council

### PLEDGE OF ALLEGIANCE

CESAR BARANDA, SANTA ANA HIGH SCHOOL

### INVOCATION

ROGER ARAGON, POLICE CHAPLAIN

### PRESENTATIONS

**CERTIFICATE OF RECOGNITION** presented by **COUNCILMEMBER TINAJERO** to the champions of the Speech and Debate competition:

Sierra Intermediate - Samantha Lopez – Declamation; Michelle Roldan – Duo Interpretation and; Marielena Mendoza – Duo Interpretation

Advanced Learning Academy - Isabella Guerra – Original Oratory

Villa Intermediate - Lizeth Martinez – Poetry Interpretation

MacArthur Intermediate - Gordon Tran – Expository; Brendan Mai Ha – Public Forum Debate; and  
Jonah Tristan – Public Forum Debate

Jefferson Elementary - Grace Tinajero – Dramatic Performance

**SPECIAL PRESENTATION** by Southern California Association of Governments (SCAG) to recognize Mayor Pro Tem Michele Martinez for her accomplishments as immediate past President of SCAG, presented by Darin Chidsey, Chief Operating Officer of SCAG.

**CERTIFICATE OF RECOGNITION** presented by **COUNCILMEMBER SOLORIO** to Dr. Ana Nogales for her outstanding contributions to the community.

**CERTIFICATE OF RECOGNITION** presented by **COUNCILMEMBER SOLORIO** to Manuel Gomez and Manuel Hernandez for their outstanding literary and artist work in the community.

**CLOSED SESSION REPORT** – Nothing to report out.

**PUBLIC COMMENTS** – None

Councilmember Tinajero, Seconded by Councilmember Solorio motioned to continue Agenda Items 75B, 75C and 65A to the June 20, 2017 City Council Meeting. Motion carried by a 5-0 vote (Benavides absent).

### **CONSENT CALENDAR ITEMS**

***MOTION:*** Approve staff recommendations on the following Consent Calendar items: Items 10A through 25I, with the following modifications:

- Mayor Pro Tem Martinez pulled Agenda Items 25B, 25D, 25F, 25H for separate discussion and dissented on Agenda Item 25I.
- Councilmember Solorio pulled Agenda Items 25B and 25E for separate discussion.

**MOTION:** Tinajero                      **SECOND:** Solorio

**VOTE:**    **AYES:**                      Benavides, Martinez, Pulido, Solorio, Tinajero, Villegas (6)

**NOES:**                                  None (0)

**ABSTAIN:**                              None (0)

**ABSENT:**                                Sarmiento (1)

Items removed for separate action or modified are highlighted. Separate actions show the actual vote. Items without votes are adopted as part of the consent motion

## ADMINISTRATIVE MATTERS

### MINUTES

- 10A. MINUTES FROM THE REGULAR MEETING OF MAY 16, 2016 {STRATEGIC PLAN NO. 5, 1} – Clerk of the Council Office

**MOTION:** Approve Minutes.

### BOARDS / COMMISSIONS / COMMITTEES

- 13A. BOARDS AND COMMISSIONS BIENNIAL ATTENDANCE REPORT JULY THROUGH DECEMBER 2016 {STRATEGIC PLAN NO. 5, 1} - Clerk of the Council Office

**MOTION:** Receive and file.

- 13B. COUNCIL COMMITTEES – AGENDA AND MINUTES {STRATEGIC PLAN NO. 5, 1} - Clerk of the Council Office

**MOTION:** Receive and file.

<u>NAME</u>	<u>MEETING DATE</u>
Economic Development Infrastructure, Budget and Technology Committee	3/13/17 and 5/15/17
Santa Ana Unified School District and City of Santa Ana Joint Policy Committee	5/22/17

### MISCELLANEOUS ADMINISTRATION

- 19A. CONFIRMATION OF CLOSED SESSION ACTION(S) – None

- 19B. EXCUSED ABSENCES – Clerk of the Council Office

**MOTION:** Excuse the absence of Councilmember Vicente Sarmiento from the June 6, 2017 City Council Meeting.

- 19C. REQUEST FOR QUALIFICATIONS TO CREATE A LIST OF PRE-QUALIFIED CONSULTANTS TO PROVIDE ENVIRONMENTAL AND PLANNING SERVICES {STRATEGIC PLAN NO. 3, 3} - Planning and Building Agency

**MOTION:** Authorize the Planning and Building Agency to release the Request for Qualifications to create a list of pre-qualified professional consulting firms to provide environmental services, planning services and to perform related technical studies.

- 19D. PUBLIC WORKS AGENCY STATUS OF PROJECTS - MONTHLY CAPITAL IMPROVEMENT PROGRAM EXECUTIVE REPORT FOR MAY 2017 {STRATEGIC PLAN NO. 5, 1} - Public Works Agency

**MOTION:** Receive and file.

- 19E. DESTRUCTION OF OBSOLETE CITY RECORDS (STRATEGIC PLAN NO. 5, 1) - Finance and Management Services; and Police Department

**MOTION:** Approve the requests for the destruction of obsolete records from various City departments in accordance with the retention schedule outlined in City Council Resolution 2013-014. The Citywide Records Retention Schedule has specific retention periods for many City documents. The Schedule is modeled after the California Secretary of State's sample for local government and incorporates other statutory periods applicable to Santa Ana. These are minimum retention periods. Each department makes discretionary decisions on whether to retain records past the minimum requirements.

## BUDGETARY MATTERS

### SPECIFICATIONS – PURCHASE OF EQUIPMENT AND SERVICES

- 22A. SPEC. NO. 17-046 - CONTRACT AWARD FOR HEWLETT PACKARD SUPPORT CONTRACT RENEWAL (Information Technology Department) - Finance and Management Services

**MOTION:** Authorize a one-time purchase and payment of purchase order to Diltex, Inc. in the total amount of \$35,860, subject to non-substantive changes approved by the City Manager and City Attorney.

## AGREEMENTS

- 25A. AGMT NO. 2017-131 - AMENDMENT - PROVIDE AUDIOVISUAL EQUIPMENT, INSTALLATION, AND ON-CALL SERVICES FOR TWO CONFERENCE ROOMS LOCATED IN CITY HALL, ROSS ANNEX AND THE CITY YARD {STRATEGIC PLAN NO. 7, 5A} - Public Works Agency

**MOTION:** Authorize the City Manager and Clerk of the Council to amend the agreement with Western Audio Visual exercising a two-year optional term extension beginning June 21, 2017 through June 20, 2019; and increasing the compensation by \$50,000, for a total agreement amount not to exceed \$130,000, subject to nonsubstantive changes approved by the City Manager and City Attorney.

- 25B. MEMORANDUM OF UNDERSTANDING WITH YOUTH SERVICE PROVIDERS FOR OCCUPATIONAL SKILLS TRAINING, ALTERNATIVE SECONDARY EDUCATION AND POST-SECONDARY OCCUPATIONAL SKILLS TRAINING {STRATEGIC PLAN NO. 2,4} - Community Development Agency

Recommended Action approved by the Workforce Development Board on May 18, 2017 by a 14-0 vote ((Knitter, Korthuis, McGowan, Rutledge, Sanchez and Wadhera absent).

**MOTION:** Authorize the City Manager and Clerk of the Council to execute agreements and memorandum of understanding with the following Youth Service Providers, for a one year term beginning July 1, 2017, subject to non-substantive changes approved by the City Manager and City Attorney:

1. AGMT NO. 2017-132 – With Orange County Children’s Therapeutic Arts Center to provide occupational skills training in the areas of office administration, mental health paraprofessional, and childcare worker certification, offer job preparation, paid work experience, tutoring, mentoring, counseling, and supportive services, for 20 youth in the annual amount of \$164,000;
2. AGMT NO. 2017-133 – With Orange County Conservation Corps to provide alternative secondary education that leads to a high school diploma, offer credential training in forklift operator, safe food handling, customer service, or computer software, provide job preparation, paid work experience, post-secondary education resources, and supportive services for 20 youth in the annual amount of \$160,000; and
3. AGMT NO. 2017-134 – With Santa Ana Public Library to provide post-secondary occupational skills training in the areas of digital technology, computer maintenance and repair, paid work experience,



leadership development, tutoring, and mentoring for 22 youth in the annual amount of \$160,000.

**MOTION:** Martinez                    **SECOND:** Tinajero

**VOTE:**    **AYES:**                    Benavides, Martinez, Pulido, Solorio, Tinajero, Villegas (6)

**NOES:**                                None (0)

**ABSTAIN:**                        None (0)

**ABSENT:**                         Sarmiento (1)

25C.                    AMENDMENT - MERCHANT PAYMENT SERVICES AND SEPARATION OF PAYMENT KIOSK RELATED SERVICES TO A CLOUD BASED SYSTEM; AND REQUEST FOR PROPOSALS {STRATEGIC PLAN NO. 4, 1; 7, 5F} - Finance and Management Services

***MOTION:***

1. **AGMT NO. 2017-135 - Authorize the City Manager and Clerk of the Council to execute a third amended agreement with TransFirst, LLC for a one year extension of TransFirst, LLC's existing cashiering credit card merchant payment services agreement, effective July 1, 2017 through June 30, 2018, for an amount not to exceed \$165,000 subject to no substantive changes approved by the City Manager and City Attorney.**
2. **Authorize City staff to release a Request for Proposals (RFP) for integrated cashiering merchant payment processing before December 31, 2017.**

25D.                    AGMT NO. 2017-136 - AMENDMENT - ANIMAL LICENSE FEE COLLECTION PROGRAM {STRATEGIC PLAN NO. 7, 5F} - Finance and Management Services

***MOTION:*** Authorize the City Manager and Clerk of the Council to execute a two-year amended agreement with Civic Collections, Inc., to be compensated for canvassing and collection of new and delinquent dog license fees and penalties at the current rate of 50% for each dog license fee collected, 50 cents for each new dog license registered, and 50 cents for each rabies vaccination certificate issued, effective July 1, 2017 through June 30, 2019, with the option to extend one additional year from

July 1, 2019 through June 30, 2020 upon a written request executed by the City Manager, subject to no substantive changes approved by the City Manager and City Attorney.

**MOTION:** Tinajero                    **SECOND:** Solorio

**VOTE:**    **AYES:**                    Benavides, Pulido, Solorio, Tinajero, Villegas (5)

**NOES:**                        Martinez (1)

**ABSTAIN:**                    None (0)

**ABSENT:**                      Sarmiento (1)

25E.            AGMT NO. 2017-137 - WEBSITE REDESIGN, CONTENT MANAGEMENT SYSTEM IMPLEMENTATION SERVICES, AND MAINTENANCE AND SUPPORT SERVICES {STRATEGIC PLAN NO. 7, 2D} - Information Technology Department

**MOTION:** Authorize the City Manager and the Clerk of the City Council to execute an agreement with 360 BC Group, Inc., DBA 360 Business Consulting, for website redesign, implementation of the Drupal Content Management System, in an amount not to exceed \$168,576, including a 20 % contingency of \$28,096, and to provide maintenance and support services for a three year period, in an amount not to exceed \$72,000, for a total amount not to exceed \$240,576, beginning June 15, 2017 through June 30, 2020, , subject to non-substantive changes approved by the City Manager and City Attorney.

**MOTION:** Martinez                    **SECOND:** Solorio

**VOTE:**    **AYES:**                    Benavides, Martinez, Pulido, Solorio, Tinajero, Villegas (6)

**NOES:**                        None (0)

**ABSTAIN:**                    None (0)

**ABSENT:**                      Sarmiento (1)

25F.            AGMT NO. 2017-138 - AMENDMENT - TELEPHONE SYSTEM MAINTENANCE AND SUPPORT SERVICES {STRATEGIC PLAN NO. 7, 2D} - Information Technology Department

**MOTION:** Authorize the City Manager and the Clerk of the City Council to execute a second amendment with NEC Corporation of America, Inc. for a one-year extension, beginning July 1, 2017 through June 30, 2018, in an amount not to exceed \$184,235, subject to non-substantive changes approved by the City Manager and City Attorney.

**MOTION:** Tinajero                      **SECOND:** Solorio

**VOTE: AYES:** Benavides, Martinez, Pulido, Solorio, Tinajero, Villegas (6)

**NOES:** None (0)

**ABSTAIN:** None (0)

**ABSENT:** Sarmiento (1)

25G. AGMT NO. 2017-139 – AMENDMENT - LIBRARY AUTOMATION SYSTEM AND MAINTENANCE SERVICES (24-HOUR PHONE AND ONLINE SUPPORT, LICENSED SOFTWARE UPDATES, STAFF TRAINING, ONLINE ACCES TO CATALOGING RESOURCES AND ENHANCED CONTENT DATABASES) {STRATEGIC PLAN NO. 2, 3D} - Parks, Recreation and Community Services Agency

**MOTION:** Authorize the City Manager and Clerk of the Council to execute an amendment with The Library Corporation to extend the term three years from June 17, 2017 through June 17, 2020 and increase the compensation for the term to an amount not to exceed \$111,689, for a total contract \$224,428, subject to non-substantive changes approved by the City Manager and City Attorney.

25H. AGMT NO. 2017-140 - LEGAL SERVICES FOR CODE ENFORCEMENT RECEIVERSHIP AND NUISANCE ABATEMENT MATTERS {STRATEGIC PLAN NO. 3, 3; 5, 4E} - Planning and Building Agency and Community Development Agency

**MOTION:** Authorize the City Manager and Clerk of the Council to execute a three year agreement terminating on May 18, 2020 with Jones & Mayer, Attorneys at Law, in the amount not to exceed \$200,000, subject to non-substantive changes approved by the City Manager and City Attorney.

**MOTION:** Martinez                      **SECOND:** Benavides

**VOTE: AYES:** Benavides, Martinez, Pulido, Solorio, Tinajero,

Villegas (6)

**NOES:** None (0)

**ABSTAIN:** None (0)

**ABSENT:** Sarmiento (1)

251. PURCHASE AGREEMENTS FOR REAL PROPERTY ACQUISITION FOR BRISTOL STREET IMPROVEMENTS PHASE 4 (PROJECT NO. 116741) (NON-GENERAL FUND) {STRATEGIC PLAN NOS. 6, 1G, 3, 2C} - Public Works Agency

**MOTION:** Authorize the City Manager and Clerk of the Council to execute purchase agreements for the real property acquisitions, temporary construction easements, and goodwill (if any) with the property owners listed below, subject to nonsubstantive changes approved by the City Manager and City Attorney:

1. AGMT NO. 2017-141 – With Jose M. Santillan for a partial acquisition of 1306 West Camden Place (APN 408-3335-02) in the amount of \$16,338; and
2. AGMT NO. 2017-142 – With Ricardo Pinones and Ofelia Pinones for a partial acquisition of 1305 West Camden Place (APN 408-334-17), in the amount of \$17,260.

**MOTION:** Benavides      **SECOND:** Solorio

**VOTE:**    **AYES:** Benavides, Pulido, Solorio, Tinajero, Villegas (5)

**NOES:** Martinez (1)

**ABSTAIN:** None (0)

**ABSENT:** Sarmiento (1)

**\*\*END OF CONSENT CALENDAR\*\***

**BUSINESS CALENDAR ITEMS**

**RESOLUTIONS**

55A. RESOLUTION AUTHORIZING A GRANT APPLICATION TO THE URBAN GREENING GRANT PROGRAM FOR PROTECTED BIKE LANES ON STANDARD AVENUE {STRATEGIC PLAN NO. 5, 6B} - Public Works Agency

**MOTION:** Adopt a resolution.

RESOLUTION NO. 2017-022 – RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA APPROVING THE APPLICATION FOR GRANT FUNDS FOR CALIFORNIA CLIMATE INVESTMENTS URBAN GREENING PROGRAM

**MOTION:** Benavides      **SECOND:** Martinez

**VOTE:**    **AYES:**            Benavides, Martinez, Pulido, Solorio, Tinajero, Villegas (6)

**NOES:**                None (0)

**ABSTAIN:**            None (0)

**ABSENT:**             Sarmiento (1)

55B. RESOLUTION AFFIRMING CONSISTENCY WITH MEASURE M PROGRAM GUIDELINES RELATED TO THE CIRCULATION ELEMENT, LOCAL SIGNAL SYNCHRONIZATION PLAN, AND MITIGATION FEE PROGRAM {STRATEGIC PLAN NO. 6, 1G} - Public Works Agency

**MOTION:** Adopt a resolution.

RESOLUTION NO. 2017-023 – RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA CONCERNING THE STATUS AND UPDATE OF THE CIRCULATION ELEMENT, LOCAL SIGNAL SYNCHRONIZATION PLAN, AND MITIGATION FEE PROGRAM FOR THE MEASURE M (M2) PROGRAM

**MOTION:** Martinez      **SECOND:** Benavides

**VOTE:**    **AYES:**            Benavides, Martinez, Pulido, Solorio, Tinajero, Villegas (6)

**NOES:**                None (0)

**ABSTAIN:** None (0)

**ABSENT:** Sarmiento (1)

55C. RESOLUTION RELATED TO THE FINANCING OF EQUIPMENT, INSTALLATION AND PARTNERSHIP COSTS FOR THE 800 MHZ COMMUNICATIONS SYSTEM PROJECT {STRATEGIC PLAN NO. 1, 2} - Police Department

**MOTION:**

**1. Adopt a resolution.**

RESOLUTION NO. 2017-024 - RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA AUTHORIZING THE CITY MANAGER OR EXECUTIVE DIRECTOR OF FINANCE TO ENTER INTO AN EIGHT YEAR FINANCING AGREEMENT WITH HOLMAN CAPITAL CORPORATION FOR FUNDING OF THE CITY'S PORTION OF ITS PARTNERSHIP COSTS FOR FY 2017-18 OF THE 800 MHZ COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM BACKBONE UPGRADE FOR P25 COMPLIANCE, EXECUTE AN ESCROW AGREEMENT, AND ANY ASSURANCES AND/OR DOCUMENTS REQUIRED FOR SAID AGREEMENT

**2. AGMT NO. 2017-143 - Authorize the City Manager and Clerk of the Council to execute a tax-exempt equipment lease-purchase agreement with Holman Capital Corporation, subject to non-substantive changes approved by the City Manager and City Attorney.**

**MOTION:** Benavides      **SECOND:** Villegas

**VOTE:**      **AYES:** Benavides, Martinez, Pulido, Solorio, Tinajero, Villegas (6)

**NOES:** None (0)

**ABSTAIN:** None (0)

**ABSENT:** Sarmiento (1)

## REPORTS

65A. DISCUSSION ON FOUR AFFORDABLE HOUSING DEVELOPMENT PROJECTS AND OPTIONS FOR CITY FINANCIAL ASSISTANCE {STRATEGIC PLAN NO. 5, 3C} - Community Development Agency

OPTIONS FOR CITY COUNCIL CONSIDERATION:

As recommended by the Ad Hoc Committee, discuss the various Affordable Housing Development projects requesting City financial assistance and seek City Council direction on the allocation of current and available affordable housing development funds. Following are options for City Council discussion and consideration:

A) Santa Ana Arts Collective, Meta Housing Corporation:

Option #1: Amend the project's original award by an additional amount up to \$2.9 million per Keyser Marston Associates gap analysis report.

Option #2: Amend the project's original award by an additional amount up to \$1,481,215, per CSG Advisors gap analysis report. City financial assistance to be negotiated by CSG Advisors and Meta Housing.

Option #3: Take no additional action to fund the project at this time.

B) First Street Apartments, AMCAL Multi-Housing:

Option #1: Award of affordable housing development funds for an amount up to \$8,522,740, per CSG Advisors gap analysis report.

Option #2: Award of affordable housing development funds for an amount up to \$8,795,000, per Keyser Marston Associates gap analysis report.

Option #3: Take no additional action to fund the project at this time.

C) Aqua Housing, Community Development Partners:

Option #1: Amend the original project award with an additional 31 project-based vouchers.

Option #2: Take no additional action to fund the project at this time.

D) Tiny Tim Plaza, Community Development Partners:

Option #1: Commit to a future award of affordable housing funds for an amount up to \$11.7 million per CSG Advisors gap analysis report. Award of funds to follow the approval of the project by the Planning Commission and City Council pending the availability of funds.

Option #2: Take no action to fund the project at this time.

**MOTION: Continue consideration of matter to the June 20, 2017 City Council Meeting.**

**MOTION:** Tinajero                      **SECOND:** Solorio

**VOTE:**    **AYES:**                      Martinez, Pulido, Solorio, Tinajero, Villegas (5)

**NOES:**                      None (0)

**ABSTAIN:**                      None (0)

**ABSENT:**                      Benavides, Sarmiento (2)

65B.                      CITY FINANCIAL REVIEW/AUDIT PRESENTATION – City Manager’s Office; and Finance and Management Services

Presentation by Mark Alvarado of KAMG

Analysis of City Reserves

- KAMG hired to do a review of the City’s reserve balances
- Review of audit reports and budgets
- Detail analysis of General Fund reserve balances at June 30, 2016
- Review of prior budget adoption processes and practices
- Review of Fund Balance and Budget policy
- Goal was to go back and reconstruct how the City “got to where it is “ at June 30, 2016
- Went back and reviewed the last 5 five years audit reports
  - Clean opinions
- Went back and reviewed the last three years budgets
- Overview of conclusions
  - Nothing in audit reports looks incorrect
  - Attrition process should be refined; budgeting processes are fine
  - Long term financial projections key to balancing budgets and maintaining policy goals

Fiscal and Budget Policy

- Policy adopted in 2012
- Reserves started to increase; prudent to establish benchmarks and goals



- Current policy meets GFOA standards
- Operating Reserve created
- Economic Uncertainty Reserve created
- Assigned Accounts Reserve created
- Fiscal and Budget Policy
- Operating Reserve Account
  - Policy goal is 15%
  - Council has gone above and beyond, reaching 20%
  - GFOA's recommendation is at least 2 months operating expenses, which is approximately 17%
  - City Staff will bring this before the City Council
  - KAMG agrees with this position
- Economic Uncertainty Reserve Account
  - % of estimated revenues
  - Currently funded at 1.5% Discussion about changes to the policy
  - Established to maintain between 1% and 10%
  - Used to offset weak economic conditions
  - KAMG recommends trying to achieve a 5% reserve balance

#### Analysis of Fund Balance – General Fund

- Six year analysis of fund balance (General Fund)
- Focus is on the accumulation of reserves, year over year
- Key is understanding there are multiple reserve “buckets”
- Excellent growth in reserves
- Stable since 2014

#### General Fund – 6 Year History

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Operating Reserve Account	\$6,673,290	\$19,335,569	\$26,842,243	\$40,538,518	\$41,512,985	\$42,397,974
Economic Uncertainty Account			\$3,845,592	\$3,845,592	\$3,845,592	\$3,845,592
Assigned Account *	\$2,986,397	\$4,660,762	\$5,424,045	\$5,403,946	\$16,618,376	\$27,077,619
Unallocated Account				\$913,595	\$532,895	\$2,151,297
Prepaid Items			\$3,266,819	\$3,357,089	\$3,434,420	
Restricted/Committed **	\$1,314,331				\$954,954	\$1,454,962
	<u>\$10,974,018</u>	<u>\$23,996,331</u>	<u>\$39,378,699</u>	<u>\$54,058,740</u>	<u>\$66,899,222</u>	<u>\$76,927,444</u>

#### Target Goal for Reserves

Operating Reserve Account (20%)	<u>\$40,400,000</u>	<u>\$41,000,000</u>	<u>\$38,800,000</u>	<u>\$40,538,518</u>	<u>\$41,512,985</u>	<u>\$42,397,974</u>
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#### Budgeting Methods Used

- Attrition Savings used for 2016-17 budget process
- % of department's projected budget was removed and reallocated back to another, or same department, for other projects or programs
- Most, if not all, of the reallocated funds were vacant personnel positions
- Attrition Savings is a budgeting practice that is used and can be effective
- Important to clearly identify number of personnel positions funded in the budget adoption

- Difference between “authorized” and “funded” positions

#### Long Term Financial Projections

- Current position is stable
- Reserves may be needed to balance budgets
- Economic slowdown coming
- Increased costs coming
- Long term financial projections needed to achieve and maintain Budget and Fiscal Policy

#### Conclusions/Recommendations

- All reserves accurately reflected in the June 30, 2016 audit
- Changes to Budget and Fiscal Policy will add flexibility for City Council and Staff
- Budgeting method “Attrition Savings” should be modified to clearly identify funded personnel positions in the adopted budget
- Long term financial projections created frequently to keep up with potential quick spikes in operating costs

The following spoke on the matter:

- Mike Lopez, representing SEIU members, pledged support to work with elected officials on revenue generating ideas.
- Kim McPeck, noted that number of SEIU employees went from 800 to 400.

Councilmember Solorio, thanked SEIU representatives for comments, opined that budget underestimates revenues, questioned as to who was making decisions on added funds.

Interim City Manager, proposed a quarterly budget where adjustments can be made and propose other budgetary amendments as necessary.

Councilmember Benavides, asked if there were any implications to credit rating if reserves lowered.

Mark Alvarado, opined that credit rating should not be impacted, but future budget deficits may be considered in the rating.

Mayor Pro Tem Martinez, read concerns she posted on her Facebook page for the record, noted that officials have received misleading projections in the past; concerned that financial report not brought to the City Council for consideration and staff has had budgetary cuts yet while the budget revenue was underestimated.

Councilmember Tinajero, opined that there are some matters that can be addressed quickly such as fees for use of Santa Ana Stadium and bonds for infrastructure improvements; need to work with Congressman Correa and leverage relationships and partnerships at the Federal level; improve economic

development and address homelessness and consider medical cannabis revenue opportunities; consider fees charged by the school district and City to be consistent because they are different rates; develop our niche of Mexican food/best tacos etc.

Mayor Pulido, need to drive economic activity; consider filling positions that are funded; invest in youth programs; develop projects that general funds such as proposed hotel on 3<sup>rd</sup> and Main Ave. that could generate \$1 million in perpetuity; address homelessness; City has over 700 restaurants throughout the City; noted that OC Streetcar Project will revitalize surrounding area.

65C. APPROVE MODIFICATIONS TO THE CITY'S BUDGET AND FINANCIAL POLICIES {STRATEGIC PLAN NO. 4, 1} - Finance and Management Services

Consideration of matter continued from the April 18, 2017 City Council meeting to the May 2, 2017 City Council meeting by a vote of 5-0 (Sarmiento and Tinajero absent). At the May 2, 2017 meeting the matter was referred to the Economic Development Infrastructure, Budget and Technology Council Committee for review at the request of staff by a vote of 5-0 (Pulido and Solorio absent).

Council discussion ensued.

Matters bifurcated. Agenda items A and C considered jointly and B separately. Councilmember Tinajero, seconded by Councilmember Solorio motion to approve items A and C.

Councilmember Solorio, seconded by Councilmember Tinajero motion to approve item B.

The following spoke on the matter:

- Monica Suter, representing SEIU members, concerned that 25% of workforce is of retirement or close to retirement age and City compensation no longer competitive; supports use of one-time use of funds.

**MOTION:** Approve the revised Budget and Financial Policies, elements a and c, as follow:

- a. **Operating Reserve** - Modify the operating reserve to require a range of two months (16.67%) to a maximum of 20% operating reserve. Provide language that operating reserves cannot be used to cover budgetary shortfalls unless a fiscal emergency or fiscal crisis is declared by the City Council.
- c. **Updated Terminology** - Amend the current policy to include terminology utilized in the Budget and Fiscal Policy consistent

with the terms utilized in the City's Comprehensive Annual Financial Report.

**MOTION:** Tinajero                      **SECOND:** Solorio

**VOTE:**    **AYES:**                      Pulido, Solorio, Tinajero, Villegas (4)

**NOES:**                              Benavides, Martinez (2)

**ABSTAIN:**                          None (0)

**ABSENT:**                            Sarmiento (1)

**MOTION:** Approve the revised Budget and Financial Policies, element b, as follow:

**b.**    **One Time Revenue** - Allow the use of one-time revenue to offset structural deficits for one-year. Additionally, approve the use of one-time revenue for a concurrent second year, subject to two-thirds approval by the City Council.

**MOTION:** Solorio                      **SECOND:** Tinajero

**VOTE:**    **AYES:**                              Benavides, Pulido, Solorio, Tinajero, Villegas (5)

**NOES:**                              Martinez (1)

**ABSTAIN:**                          None (0)

**ABSENT:**                            Sarmiento (1)

## **PUBLIC HEARINGS**

75A-1.        FISCAL YEAR 2017-2018 MISCELLANEOUS FEE RESOLUTION  
{STRATEGIC PLAN 4, 2A} – Finance and Management Services

Legal Notice published in the Orange County Reporter on May 26, 2017 and June 2, 2017.

Mayor Pulido opened the Hearing. The following spoke on the matter:

- Rick Niedermayer, concerned with fireworks fees that are substantially higher than surrounding cities.

There were no other speakers and the Hearing closed.

Council discussion ensued.

Councilmember Solorio, supportive of item.

Mayor Pro Tem Martinez, opposed to City subsidizing Bowers Museum and Historic Mills Act properties; suggested broader discussion on fees; need to consider resident services and taxes already paid by residents.

Councilmember Benavides, opined that matter should not be a revenue generator, but recover costs; community already paying through their taxes; maximize use of recreation centers (improved quality of life); review fees being assessed at a subsequent City Council meeting.

**MOTION: Adopt a resolution.**

RESOLUTION NO. 2017-025 – RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA ESTABLISHING A UNIFORM SCHEDULE OF MISCELLANEOUS FEES FOR FISCAL YEAR 2017-2018

**MOTION:** Solorio                      **SECOND:** Villegas

**VOTE:**    **AYES:**                      Pulido, Solorio, Tinajero, Villegas (4)

**NOES:**                      Benavides, Martinez (2)

**ABSTAIN:**                  None (0)

**ABSENT:**                  Sarmiento (1)

75A-2.            ADOPTION OF CITY BUDGET FISCAL YEAR 2017-2018; THE SEVEN-YEAR CAPITAL IMPROVEMENT PROGRAM (CIP) FROM FISCAL YEAR 2017-2018 THROUGH 2023-2024; AMEND AND RE-ESTABLISH THE CITY'S BASIC COMPENSATION PLANS {STRATEGIC PLANO NO. 4, 2A} – Finance and Management Services

Legal Notice published in the Orange County Reporter on May 26, 2017 and June 2, 2017.

Mayor Pulido opened the Hearing. The following spoke on the matter:

- Johnathan Hernandez, opined that City needs to redistribute funds – community investment; more schools needed, not prisons.
- Jackie Cordova, representing Delhi Center, supports youth and community programs and continued assistance to non-profit organizations.
- Ivan Enriquez, request additional services for our residents, specifically youth programs.

There were no other speakers and the Hearing closed.

Council discussion ensued.

Mayor Pro Tem Martinez, proposed equitable treatment for all commissioners including pay for Youth Commissioners; opined that attrition not clear in the audit report; approve specific numbers; 5-10 year projections be included on pension and other long term liabilities; mid-year budget review; suggest that compensation for youth commission members stipend be the same for equity purposes; strategic plan aligned with the budget –list of funded projects and City Council to consider their commitment to these programs (clear understanding); forensic audit to make sure that budget is authentic; labor unions have done their own review which is inconsistent with reports projected by staff; concerned with transfer of funds to general fund; one-time revenue need to be reoccurring to keep up with expenses; malls are changing and revenue generation has changed in recent past; work with employees and residents on sustainability.

Councilmember Benavides, asked what efforts have been made to address revenue generating efforts; need to support local businesses; business attraction; spoke of commitments to the community that would improve the quality of life, need to scale back, but also serve our residents; need to be proactive with youth programs and be strategic to expand programs (library, schools etc.).

Councilmember Solorio, need clarity on programs and services for homeless; spoke of recent incident at Logan Park; hire more officers including park rangers; request update on medical marijuana revenue generating plan; public safety and youth programs need to be addressed; and also commented on Kayak program.

Councilmember Tinajero, need to strategize on how to bring more revenue before we add more staff.

Mayor Pulido, support youth prevention programs, not just suppression.

**MOTION:** Continue consideration of items 1-3 to the June 20, 2017 City Council meeting:

- 1. Authorize the use of fund balance from the general fund in the amount of \$9.3 million for fiscal year 2017-18. (Requires five affirmative votes pursuant to Fiscal Policy.)**
- 2. Direct staff to transition from a Type II Jail Facility to a Holding Facility during fiscal year 2017-18.**
- 3. Place ordinance on first reading and authorize publication of title. (Requires five affirmative votes pursuant to Fiscal Policy.)**

**MOTION:** Solorio                      **SECOND:** Benavides

**VOTE:**    **AYES:**                      Benavides, Martinez, Pulido, Solorio, Tinajero, Villegas (6)

**NOES:**                      None (0)

**ABSTAIN:**                      None (0)

**ABSENT:**                      Sarmiento (1)

**MOTION:** Approve items 4-7 as proposed by staff:

4. **Adopt a Seven-Year Capital Improvement Program (CIP) beginning fiscal year 2017-18 through fiscal Year 2023-24 per Orange County Transportation Authority (OCTA) Measure M2 eligibility requirement.**
5. **Adopt a resolution.**

RESOLUTION NO. 2017-026 – RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA TO AMEND RESOLUTION NO. 2015-026 TO EFFECT CERTAIN CHANGES TO THE CITY’S BASIC CLASSIFICATION AND COMPENSATION PLANS

6. **Direct the City Manager to present a quarterly fiscal review, for the General Fund, during fiscal year 2017-18 and provide for the accounting of unspent funds as it relates to vacant positions.**
7. **Direct the City Manager to explore operational efficiencies and revenue enhancements to minimize usage of one-time funds.**

**MOTION:** Benavides                      **SECOND:** Tinajero

**VOTE:**    **AYES:**                      Benavides, Martinez, Pulido, Solorio, Tinajero, Villegas (6)

**NOES:**                      None (0)

**ABSTAIN:**                      None (0)

**ABSENT:**                      Sarmiento (1)

75B. ADOPT AN ORDINANCE TO REGULATE MOBILE FOOD VENDING VEHICLES {STRATEGIC PLAN NO 5, 4} - Planning and Building Agency; and City Attorney)

Legal Notice published in the Orange County Reporter and the Orange County Register on May 26, 2017; published in La Opinion on May 26, 2017; and notices mailed to mobile vendors on May 26, 2017.

**MOTION:** Continue consideration of matter to the June 20, 2017 City Council Meeting, at the request of staff.

**MOTION:** Tinajero                      **SECOND:** Solorio

**VOTE:**    **AYES:**                      Martinez, Pulido, Solorio, Tinajero, Villegas (5)

**NOES:**                      None (0)

**ABSTAIN:**                  None (0)

**ABSENT:**                  Benavides, Sarmiento (2)

75C. ORDINANCE AMENDMENT NO. 2017-01 TO AMEND CERTAIN SECTIONS OF CHAPTER 18 OF THE SANTA ANA MUNICIPAL CODE (MEDICAL MARIJUANA COLLECTIVES/ COOPERATIVES) – CITY OF SANTA ANA, APPLICANT {STRATEGIC PLAN NOS. 3, 2; 3, 5} - Planning and Building Agency

Legal Notice published in the Orange County Reporter on May 26, 2017.

**MOTION:** Continue consideration of matter to the June 20, 2017 City Council Meeting.

**MOTION:** Tinajero                      **SECOND:** Solorio

**VOTE:**    **AYES:**                      Martinez, Pulido, Solorio, Tinajero, Villegas (5)

**NOES:**                      None (0)

**ABSTAIN:**                  None (0)

**ABSENT:**                  Benavides, Sarmiento (2)



75D. RESOLUTION DETERMINING PUBLIC INTEREST AND NECESSITY FOR THE ACQUISITION OF REAL PROPERTY AT 1922 (ALSO KNOWN AS 2006) AND 2002 WEST 5TH STREET (OC STREETCAR PROJECT - PROJECT NO. 17-6766) (NONGENERAL FUND) {STRATEGIC PLAN NOS. 3, 2C AND 4B; 6, 1G} - Public Works Agency

Notice of Hearing letter regarding acquisition of real property by eminent domain mailed to property owners on May 17, 2017.

Mayor Pulido opened the Hearing. The following spoke on the matter:

- Michael I. Kehoe, opposed to acquisition due to service provided by property owner; owner has not be able to find another feasible location.
- Family of Valdivia, read letter into the record on behalf of the family.

There were no other speakers and the Hearing closed.

Council discussion ensued.

Fred Mousavipour, Executive Director of Public Works, noted that project has been reviewed by various entities and deemed appropriate for project.

**MOTION: Adopt a resolution. (Requires five affirmative votes)**

RESOLUTION NO. 2017-027 – RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA FINDING AND DETERMINING THAT THE PUBLIC INTEREST, CONVENIENCE AND NECESSITY REQUIRE THE ACQUISITION OF CERTAIN REAL PROPERTIES LOCATED WITHIN THE CITY OF SANTA ANA AT 1922 (also known as 2006) & 2002 W. FIFTH STREET (APN 007-100-04 & 007-100-05) FOR THE ORANGE COUNTY STREETCAR PROJECT

**MOTION:** Villegas                      **SECOND:** Benavides

**VOTE: AYES:** Benavides, Pulido, Solorio, Tinajero, Villegas (5)

**NOES:** Martinez (1)

**ABSTAIN:** None (0)

**ABSENT:** Sarmiento (1)

75E. RESOLUTION DETERMINING PUBLIC INTEREST AND NECESSITY FOR THE ACQUISITION OF REAL PROPERTY AT 2016-2020 WEST 5TH STREET (OC STREETCAR PROJECT - PROJECT NO. 17-6766) (NONGENERAL FUND) {STRATEGIC PLAN NOS. 3, 2C AND 4B; 6, 1G} - Public Works Agency

Notice of Hearing letter regarding acquisition of real property by eminent domain mailed to property owners on May 17, 2017.

Mayor Pulido opened the Hearing. The following spoke on the matter:

- Michael I. Kehoe, incorporate same objections as Valdivia family on behalf of Navarro family.
- Ruby Woo, opposed to recycling facility and neighborhood looking forward to streetcar project.

There were no other speakers and the Hearing closed.

**MOTION: Adopt a resolution. (Requires five affirmative votes)**

RESOLUTION NO. 2017-028 – RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA FINDING AND DETERMINING THAT THE PUBLIC INTEREST, CONVENIENCE AND NECESSITY REQUIRE THE ACQUISITION OF CERTAIN REAL PROPERTY LOCATED WITHIN THE CITY OF SANTA ANA AT 2016-2020 W. FIFTH STREET (APN 007-110-17) FOR THE ORANGE COUNTY STREETCAR PROJECT

**MOTION:** Villegas                      **SECOND:** Benavides

**VOTE: AYES:** Benavides, Pulido, Solorio, Tinajero, Villegas (5)

**NOES:** Martinez (1)

**ABSTAIN:** None (0)

**ABSENT:** Sarmiento (1)

**CITY COUNCIL RECESSED AT 10:23 P.M. TO THE HOUSING AUTHORITY MEETING AND RECONVENED AT 10:24 P.M. WITH SAME MEMBER PRESENT**

### **COMMENTS**

#### 90B. CITY COUNCILMEMBER COMMENTS

Councilmember Tinajero:

- Thanked colleagues and public on budget discussion, having pending items; need continued investment in our community – need to be prudent and protect tax payer dollars;

- Noted that students were recognized tonight; continued investment needed; Elk funds, AVID program among others; and
- Recognized recent fallen soldier; honor our military.

\*Councilmember Tinajero left the meeting at 10:28 p.m. and did not return.

### **PUBLIC COMMENTS**

- Perla Dionicio, thanked Councilmember Tinajero for speech debate; spoke against ICE deportations.
- Farooq Ansari, spoke of summer learning gap from lower socio-economic means; proposed program to assist youth.
- Claudio Gallegos, thanked the Santa Ana Police Department for keeping the peace at recent town hall meeting.

### 90A. CITY MANAGER'S COMMENTS

### 90B. CITY COUNCILMEMBER COMMENTS

Councilmember Solorio:

- Thanked Congressman Correa for moving office back to Santa Ana;
- Noted that his wife is part of law academy;
- Fourth of July coming up; outreach needed on fines and contact phone number for complaints; and
- Thanked staff for annual Zoo report.

Councilmember Villegas:

- Echoed comments by Councilmember Solorio;
- Attended neighborhood clean-up event; and
- Nicholas Foundation held graduation and celebration event over the weekend; congratulated all graduates.

Councilmember Benavides:

- Thanked all speakers;
- Spoke of revenue generating ideas; and
- Urged all to continue to support local economy.

Mayor Pro Tem Martinez:

- Reiterated comments on aligning budget with strategic plan; need to fulfill promises and commitment to the community; concerned with surplus funds and possible use one-time funds to balance the budget; request list of projects/commitments;
- Noted that City of Tustin held discussion on tiny homes and use for homeless; proposed use of remnant parcels for tiny homes;

- Chepa Park had incident over the weekend; need more park rangers; use of cameras to assist with deterrence;
- Opined that prevention and intervention programs for youth are needed; evaluate programs such as Project Kinship;
- Flag Day is coming up; suggest empty polls fly City flag and also at school sites – demonstrate City pride; and
- Wished all a Happy Father's Day.

Mayor Pulido:

- Happy Father's Day to all!

**ADJOURNED** – 10:49 P.M. - The next meeting of the City Council is scheduled for Tuesday, June 20, 2017 at 5:00 p.m. for the Closed Session Meeting immediately followed by the Regular Open Business Meeting at 5:45 p.m. in the Council Chamber, 22 Civic Center Plaza, Santa Ana, California.

  
Maria D. Huizar,  
Clerk of the Council

**FUTURE AGENDA ITEMS**

- Community Engagement Program
- Labor Contracts