

Minutes

City Council/Public Financing Authority City of Huntington Beach

Monday, March 1, 2021
4:00 PM — Virtual Zoom Meeting
6:00 PM — Virtual Zoom Meeting
Huntington Beach, California 92648

A video recording of the 4:00 PM and 6:00 PM portions of this meeting is on file in the Office of the City Clerk, and archived at www.surfcity-hb.org/government/agendas/

4:00 PM — Virtual Zoom Meeting

CALLED TO ORDER — 4:00 PM

ROLL CALL

Present: Peterson, Kalmick, Ortiz, Carr, Posey, Moser, and Delgleize
Absent: None

ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATIONS (Received After Agenda Distribution)

Pursuant to the Brown "Open Meetings" Act, City Clerk Robin Estanislau announced supplemental communications that were received by her office following distribution of the Council Agenda packet:

Study Session

#1. (21-180) PowerPoint communication titled *City of Huntington Beach Planning Commission and City Council Study Session* submitted by Ursula Luna-Reynosa, Director of Community Development.

PUBLIC COMMENTS PERTAINING TO STUDY SESSION / CLOSED SESSION ITEMS (3 Minute Time Limit) — None

STUDY SESSION

1. 21-180 Joint Study Session of the Planning Commission and City Council to receive an overview on the 6th Cycle Housing Element process and public outreach plan

City Manager Oliver Chi introduced this item, provided a brief background, and introduced Director of Community Development Ursula Luna-Reynosa, Nicolle Aube, Associate Planner, and Jennifer Villaseñor, Deputy Director of Community Development.

ROLL CALL for Planning Commission

Present: Alan Ray (Chair); Kayla Acosta-Galvan; Connie Mandic; Oscar Rodriguez; John Scandura; Gracey Van Der Mark (arrived at 4:22 pm)
Absent: Brendon Perkins (Vice-Chair)

Director of Community Development Ursula Luna-Reynosa introduced Kimley-Horn and Associates, Inc., Consultants Nick Ken, Senior Planner; Molly Mendoza, Associate Planner; and Dave Barquist, Principal, who presented a PowerPoint communication entitled *City of Huntington Beach Planning Commission and City Council Study Session* with slides titled: *Agenda, Background, What is a Housing Element, Housing Element Benefits, Housing Element Features, Regional Housing Needs Assessment, Huntington Beach RHNA Numbers, Comparison of 5th Cycle vs 6th Cycle Allocations, Housing Legislation, Statutory Requirements for Housing Elements(2), New Statutory Requirements, Community Engagement, Community Engagement Timeline, Community Engagement Opportunities, and Thank You.*

Planning Commissioner Scandura asked for the website address and electronic copies of flyers and fact sheets as soon as they are available. Commissioner Scandura and Mr. Barquist discussed the process for selecting projects and sites, as well as keeping the public informed.

Councilmember Moser, in an effort to provide public transparency and interaction, asked that the additional tools mentioned be defined and their cost be included for the next meeting, as well as the policy statement.

Councilmember Posey stated his desire to maximize community engagement throughout this process, encouraged the consultants and staff to review any bills or legislation that could incentivize development, and noted that there is a lot of Regional Housing Needs Assessment (RHNA) information already available at the Southern California Association of Government (SCAG) website at www.scag.ca.gov, which can be accessed by anyone interested in being well informed and educated.

Planning Commissioner Ray asked that a population density study that compares Huntington Beach with other cities in the County be included to assist in making decisions, and confirmed the projected timeline.

Councilmember Delgleize stated the importance of explaining the drastic change of RHNA numbers.

Councilmember Kalmick shared his thoughts on the Circulation Element vs. Housing Element, micro community concept, walkability, project esthetics, the need to be cognizant of what real estate market opportunities and needs are, and looking at creative plan options that have never before been considered in Huntington Beach.

Mayor Carr stated her support for Councilmember Moser's comments regarding community outreach and involvement as part of the solution. She further explained her opinion that this process is about how to create housing options that help people move to the next level while also providing an opportunity to begin building wealth through home ownership.

RECESSED TO CLOSED SESSION — 4:53 PM

A motion was made by Posey, second by Ortiz to recess to Closed Session for Items 3 and 4.

CLOSED SESSION ANNOUNCEMENT

- 2. 21-188 Mayor Carr announced: Pursuant to Government Code § 54957.6, the City Council takes this opportunity to publicly introduce and identify designated labor**

negotiator, City Manager Oliver Chi; also in attendance Travis Hopkins, Assistant City Manager, to discuss the recruitment / appointment of the Chief of Police

CLOSED SESSION

- 3. 21-185 CONFERENCE WITH LABOR NEGOTIATORS (Gov. Code section 54957.6.): The City Council shall recess into Closed Session to meet with its designated labor negotiator, Oliver Chi, City Manager; also in attendance Travis Hopkins, Assistant City Manager, to discuss the recruitment / appointment of the Chief of Police**
- 4. 21-190 CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION. (Gov. Code section 54956.9(d)(1).) Name of case: City of Huntington Beach v. Surf City Beach Cottages, et al.; OCSC Case No. 30-2016-00874885**

6:00 PM — VIRTUAL ZOOM MEETING

RECONVENED CITY COUNCIL/PUBLIC FINANCING AUTHORITY MEETING — 6:03 PM

ROLL CALL

Present: Peterson, Kalmick, Ortiz, Carr, Posey, Moser, and Delgleize
Absent: None

PLEDGE OF ALLEGIANCE — Led by Councilmember Peterson

INVOCATION

In permitting a nonsectarian invocation, the City does not intend to proselytize or advance any faith or belief. Neither the City nor the City Council endorses any particular religious belief or form of invocation.

- 5. 21-118 Mark Currie of Bahai' of Huntington Beach and member of the Greater Huntington Beach Interfaith Council**

CLOSED SESSION REPORT BY CITY ATTORNEY — None

AWARDS AND PRESENTATIONS

- 6. 21-175 Mayor Carr proclaimed the month of March 2021 as Women's History Month**

Mayor Carr explained that Women's History Month is an opportunity to highlight women who have made significant contributions to our community. Each week during March the City's social media platforms will highlight the technological, artistic or cultural achievements of one woman, and each Friday of the month HBTv will showcase a Women's History Marathon which will include the documentary, *Huntington Beach Mayor's Reflection: 100 Year Anniversary of the 19th Amendment*.

Mayor Carr presented Certificates of Proclamation to Former Mayor Lyn Semeta, City Historian Kathie Schey, and Videographer Matt Liffreing for collaborating to produce the documentary in 2020. Each

honoree expressed appreciation for the acknowledgement and stated their pleasure at being in the right place at the right time to be involved.

7. 21-183 Mayor Carr presented a proclamation for California Arbor Day to the Huntington Beach Tree Society

Mayor Carr provided a brief background on the history of Arbor Day, which is acknowledged every year on March 7th, and acknowledged Huntington Beach Tree Society and Chief Volunteer Jean Nagy, who manages the planting and maintenance of many trees throughout the City, educates the public through programs and events, and noted this is an organization that totally operates with volunteers. More information about activities and volunteer opportunities can be found at www.hbtrees.org.

ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATIONS (Received After Agenda Distribution)

Pursuant to the Brown "Open Meeting" Act, City Clerk Robin Estanislau announced supplemental communications that were received by her office following distribution of the Council Agenda packet:

City Manager's Report

#8. (21-179) PowerPoint communication titled *E-Bike Safety Education and Enforcement Plan* submitted by Sean Crumby, Director of Public Works.

#8. (21-179) Nine (9) emails received regarding the proposed E-Bike enforcement practices on the beach pedestrian path.

#9. (21-181) PowerPoint communication titled *Interstate 405 Improvement Project Update Huntington Beach City Council* submitted by Orange County Transportation Authority (OCTA)

Consent Calendar

#15. (21-168) Twelve (12) emails received regarding Short-Term Rental (STR) Permit Fees.

Administrative Items

#19. (21-177) PowerPoint communication titled *CalPERS UAL Pension Debt Refinancing Option Review* submitted by Dahle Bulosan, Chief Financial Officer.

#19 (21-177) Memo submitted by Dahle Bulosan, Chief Financial Officer, indicating minor grammatical changes were made to Resolution No. 2021-19.

#19. (21-177) Two (2) emails received regarding CalPERS UAL Pension Bond Refinancing.

PUBLIC COMMENTS (3 Minute Time Limit) — 7 Speakers via Zoom

The number [hh:mm:ss] following the speakers' comments indicates their approximate starting time in the archived video located at <http://www.surfcity-hb.org/government/agendas>.

Caller #528, Craig Bradford, a nearly 30-year resident of Huntington Beach, was invited to speak and stated his opposition to banning e-bikes on the beach pedestrian path. (01:14:43)

Kathryn Levassiur, a resident of Huntington Beach and Co-Founder of Huntington Beach Short-Term Rental Alliance, was invited to speak and stated her opposition to the same permit fee amount for both hosted and non-hosted short-term rentals for Consent Calendar Item No. 15. (21-168) regarding

Resolution No. 2021-18 (Supplemental Fee Resolution 13), establishing Short-Term Rental (STR) Permit Fees. (01:18:24)

Richard Dennison, a 40-year resident of Huntington Beach, was invited to speak and stated his opposition to banning e-bikes on the beach pedestrian path, and asked that Council consider education, signage and enforcement before implementing a ban. (01:20:57)

Chad Kroeger was invited to speak and described how he and his friend JT have been hassled at Van's Off-the-Wall Skate Park, and asked that Mayor Pro Tem Ortiz personally intervene on their behalf to stop the harassment. (01:22:27)

Tony Duran, EV Rideables Owner, was invited to speak and stated his opposition to banning e-bikes on the beach pedestrian path without looking at options such as different rules for different areas of the City, and he offered to share his insight from 30 years of experience in sports and recreation industries. (01:24:12)

Anthony Tassone, Founder of GreenKey Technologies, was invited to speak and stated that police body camera audio analytics is the future of policing and offered a free trial of their service. (01:26:50)

Cathi Livingston, a 22-year Huntington Beach homeowner, was called to speak and stated her support for legalizing short-term rentals, but asked that Council consider reducing the permit fee, and also follow the example of other cities and utilize the services of Airbnb to actually collect City fees. (01:28:45)

CITY MANAGER'S REPORT

8. 21-179 E-Bike Enforcement Practices on the Beach Pedestrian Path

City Manager Chi introduced Public Works Director Sean Crumby who presented a PowerPoint communication titled *E-Bike Safety* with slides entitled: *E-Bikes During Pandemic*, *E-Bike Industry Sales*, *Electric Bike: E-Bike*, *E-Bike Regulations*, *Beach Path Conflict*, *HB Municipal Code 13.08.280*, *Initial City Response: Education and Enforcement*, *Safety Reminders*, *City Response Plan Going Forward*, and *Questions*.

Councilmember Delgleize and Director Crumby discussed that community input is a planned part of the process moving forward and clarified current regulations.

Councilmember Moser stated her support for a mobility study, and emphasized the importance of public safety. Director Crumby stated that staff will try to get started on the mobility study as soon as possible, and briefly outlined the information that could be collected. Interim Police Chief Julian Harvey reviewed education and enforcement efforts, and explained the goal is to prevent injuries.

Councilmember Posey explained that the Orange County Parks Commission has had extensive discussions on this issue, and he believes it is necessary to coordinate Huntington Beach ordinances with State beach and County trail bike ordinances since Huntington Beach trails intersect with both.

Councilmember Kalmick requested to see traffic engineering studies, suggested possibly small tweaks such as striping or bumps could help to immediately slow traffic down, and asked for a discussion to define what the bike trail is actually for.

Mayor Carr stated she does not want to trade one safety issue for another such as moving bicycles to Pacific Coast Highway, and believes it is necessary to evaluate if the City's service vehicles, bicyclists and pedestrians can safely use the existing service road.

9. 21-181 Representatives from Orange County Transportation Authority (OCTA) presented a status report on the 405-Widening Project

Public Works Director Sean Crumby introduced OCTA guests Jeff Mills, Project Manager, and Chris Boucly, Communications Manager, who jointly presented a PowerPoint communication entitled: *Interstate 405 Improvement Project Update* with slides titled: *Project Location and Key Features, Background, Construction Update(6), Bridge Construction Map, Engagement Strategies, and Upcoming Outreach.*

Councilmember Delgleize and OCTA Manager Boucly discussed details related to the increasing number of participating stakeholders and communication methods being used.

Mayor Carr and OCTA Manager Mills discussed various impacts to the project timeline, which is currently expected to be completed by approximately mid-2023.

Councilmember Kalmick and OCTA Manager Mills discussed details on the closures for construction of the Newland and Warner bridges, light synchronization for Beach Boulevard and Edinger Avenue, and education on the toll lanes.

COUNCIL COMMITTEE — APPOINTMENTS — LIAISON REPORTS, AB 1234 REPORTING, AND OPENNESS IN NEGOTIATIONS DISCLOSURES

Councilmember Kalmick reported attending a meeting of the Broadband Council; discussion with Granicus iLegislate application representatives; participating in the Orange County Sanitation District Virtual Tour of the Sanitation Facility; speaking with members of the Huntington Beach Police Officers' Association (HBPOA) and the Huntington Beach Firefighters' Management Association (HBFMA); receiving a League of Cities Housing Update; attending a meeting of the Jet Noise Commission; Orange County Power Authority; Public Bank LA Town Hall Information Session; Homeless United; and reported he was appointed to the Policy Committee for Southern California Association of Government (SCAG).

Councilmember Posey reported attending meetings with Orange County Council of Governments (OCCOG); Orange County Vector Control with a tour of the potential new headquarters building; Huntington Beach Police Management Association (HBPMA); and reminded everyone of the Thursday, March 4, Southern California Association of Government (SCAG) Policy Committee meeting which will include discussion on the Regional Housing Needs Assessment (RHNA), followed by a meeting of the SCAG Regional Council.

Councilmember Moser reported attending meetings with the League of California Cities Round Table on Homelessness; Homeless Task Force; West Orange County Water Board; walking the area around Harriett Wieder Park to get a better picture of parcel ownership and neighborhood concerns; speaking with Huntington Beach Police Officers' Association (HBPOA) and HB Fire Management Association (HBFMA) members; Homeless United; walked with Wound Walk OC in Edison Park; speaking at a meeting for Scout Troop 568G; Central Park Subcommittee; OC Crime Prevention Network; Finance

Commission; speaking at Golden West College Gamma Alpha Sigma meeting about homelessness; participating in Week 3 of 5 for UCI's Public Policy Program; and participating in two pop-up events offered by Wound Walk OC with support from the Police and Fire Departments for unhoused residents which offered showers, mental and health care connections for services.

Councilmember Delgleize reported attending meetings of the Jet Noise Commission; Central Park Subcommittee; Metropolitan Water; Kiwanis Event Planning, and noted the upcoming Saturday, April 3, Easter Event Drive-thru at Central Park.

Councilmember Peterson reported meeting with the Harbor Commission, with Mayor Pro Tem Ortiz, and Huntington Beach Police Officers' Association (HBPOA) members.

Mayor Pro Tem Ortiz reported meeting with Homeless United; Pacific Events Committee; and the Harbor Commission.

Mayor Carr reported attending the Orange County Sanitation Virtual Tour; and meetings of the Planning Commission; Intergovernmental Relations Committee; HBTVC Communications Committee; and meeting with members of the Huntington Beach Police Officers' Association (HBPOA).

CONSENT CALENDAR

Councilmember Kalmick pulled Consent Calendar Item #15 for further discussion.

10. 21-171 Approved and Adopted Minutes

A motion was made by Delgleize, second Kalmick to approve and adopt the City Council/Public Financing Authority regular meeting minutes dated February 16, 2021, as written and on file in the office of the City Clerk.

The motion carried by the following vote:

AYES: Peterson, Kalmick, Ortiz, Carr, Posey, Moser, and Delgleize
NOES: None

11. 21-106 Adopted Resolution No. 2021-13 authorizing submittal of a Grant Application to the California Department of Resources Recycling and Recovery for Rubberized Asphalt Concrete (RAC)

A motion was made by Delgleize, second Kalmick to adopt Resolution No. 2021-13, "A Resolution of the City Council of the City of Huntington Beach Authorizing Submittal of Applications for all CalRecycle Grants for which the City of Huntington Beach is Eligible."

The motion carried by the following vote:

AYES: Peterson, Kalmick, Ortiz, Carr, Posey, Moser, and Delgleize
NOES: None

12. 21-162 Approved and authorized execution of Amendment No. 1 to Cooperative Agreement No. C-8-1882 for the Orange County Enhanced Mobility for Seniors and

Disabled (EMSD) Grant Program between the Orange County Transportation Authority (OCTA) and the City of Huntington Beach

A motion was made by Delgleize, second Kalmick to approve and authorize the Mayor to execute "Amendment No. 1 to Cooperative Agreement No. C-8-1882 Between the Orange County Transportation Authority and City of Huntington Beach" for a term of May 23, 2019, through September 30, 2023.

The motion carried by the following vote:

AYES: Peterson, Kalmick, Ortiz, Carr, Posey, Moser, and Delgleize
NOES: None

13. 21-173 Authorized the Public Works Director to request a two-year extension from the Orange County Transportation Authority for the City's Project V Grant for the Huntington Beach Southeast Rideshare Pilot Program

A motion was made by Delgleize, second Kalmick to authorize the Public Works Director to request a two-year extension of the timeframe for the City's Project V Grant for the Huntington Beach Southeast Rideshare Pilot Program.

The motion carried by the following vote:

AYES: Peterson, Kalmick, Ortiz, Carr, Posey, Moser, and Delgleize
NOES: None

14. 21-164 Adopted Resolution No. 2021-16 authorizing the application for a Drinking Water State Revolving Fund (DWSRF) Grant to fund the proposed Old Pirate Lane State Small Water System (SSWS) Consolidation project, and designated the Director of Public Works as an authorized representative for the application

A motion was made by Delgleize, second Kalmick to adopt Resolution No. 2021-16, "A Resolution of the City Council of the City of Huntington Beach Approving the Application for Drinking Water State Revolving Grant Funds From the California Water Resources Control Board" to fund the proposed Old Pirate Lane State Small Water System Consolidation project; and, designate the position of Public Works Director as the authorized representative of the City of Huntington Beach, on behalf of the Old Pirate Lane State Small Water System, to sign documents pertaining to the funding application.

The motion carried by the following vote:

AYES: Peterson, Kalmick, Ortiz, Carr, Posey, Moser, and Delgleize
NOES: None

15. 21-168 Adopted Resolution No. 2021-18 (Supplemental Fee Resolution 13), establishing Short-Term Rental (STR) Permit Fees; adding a Code Enforcement Officer I and Code Enforcement Officer II to the Table of Organization; and amending the City's Fiscal Year 20-21 Budget to the extent necessary to accommodate such expenditures

Councilmember Kalmick pulled this item to allow for discussion with Community Development Director Ursula Luna-Reynosa and staff to clarify permit costs, enforcement, and full cost recovery. Director Luna-Reynosa explained that the time required by staff to properly inspect for health and safety issues and review paperwork for permits is the same regardless of whether the permit is for a hosted or un-hosted short-term rental. In summary, a good operator will have a one-time cost of \$589 the first year, with an annual cost of \$306, unless there is a need for code enforcement which results in costs being charged to the operator. Director Luna-Reynosa also explained that Airbnb and Expedia can be involved in the process for collecting Transient Occupancy Tax (TOT), but they are not able to break the payment down by property and provide details that the Finance Department needs.

Councilmember Kalmick, Director Luna-Reynosa and City Manager Chi discussed expected revenue at various levels of actual collection for enforcement costs, and it was explained the Council has the option to not collect actual costs, but the proposed fees would be needed if Council's intention is for full cost recovery.

Councilmember Delgleize and Director Luna-Reynosa reviewed previous Study Session discussions related to the increased potential for TOT income if the short-term rentals were approved for both hosted and un-hosted operators.

Mayor Carr stated her support for approving the \$589 cost as the fee for the first two years, and the \$306 renewal fee to apply at Year 3 and beyond. Mayor Carr and Director Luna-Reynosa discussed considerations for what Airbnb or other platforms utilize to collect TOT income, and Mayor Carr expressed her support for maximum detail and transparency, which the other platforms may not be able to provide.

Councilmember Kalmick and Director Luna-Reynosa discussed possible amendments to the ordinance after the program is implemented.

Councilmember Posey and Director Luna-Reynosa discussed annual fire extinguisher certifications after the first year physical inspection will be self-certification through the annual renewal process.

A motion was made by Carr, second Delgleize to adopt Resolution No. 2021-18, "A Resolution of the City Council of the City of Huntington Beach Establishing Short-Term Rental Permit Fees by Amending Resolution 2016-59, as Resolution 2016-59, as Amended by Resolution Nos. 2017-28, 2017-44, 2017-46, 2018-01, 2018-29, 2018-48, 2018-55, 2019-07, 2019-19, 2020-37 and 2021-17, Which Established a Consolidated Comprehensive Citywide Master Fee and Charges Schedule (Supplemental Fee Resolution 13)"; and, authorize the addition of a Code Enforcement Officer I and Code Enforcement Officer II to the Table of Organization; and, amend the City's Fiscal Year 20-21 Budget to the extent necessary to accommodate such expenditures, **as amended to approve a Permit Fee of \$589 for the first two (2) years, and \$306 per year starting with year 3.**

The amended motion carried by the following vote:

AYES: Peterson, Kalmick, Ortiz, Carr, Posey, Moser, and Delgleize
NOES: None

16. 21-192 Adopted Resolution No. 2021-20 (Carr Park Renovation) approving the application for Statewide Park Development and Community Revitalization program Grant Funds to the State of California Department of Parks and Recreation for Carr Park

A motion was made by Delgleize, second Kalmick to adopt Resolution 2021-20, "A Resolution of the City Council of the City of Huntington Beach Approving the Application for Statewide Park Development and Community Revitalization Program Funds (Carr Park Renovation)."

The motion carried by the following vote:

AYES: Peterson, Kalmick, Ortiz, Carr, Posey, Moser, and Delgleize
NOES: None

**17. 21-170 Adopted Ordinance No. 4228 to amend Chapter 13.10 of the Huntington Beach Municipal Code Prohibiting the Storage of Personal Property on Public or Private Property
Introduced 2/16/21 — Approved as amended 6-1 (Peterson - No)**

A motion was made by Delgleize, second Kalmick to, after the City Clerk reads by title, adopt Ordinance No. 4228, "An Ordinance of the City of Huntington Beach Amending Chapter 13.10 of the Huntington Beach Municipal Code Prohibiting the Storage of Personal Property on Public or Private Property."

The motion carried by the following vote:

AYES: Moser, Kalmick, Delgleize, Ortiz, Carr, and Posey
NOES: Peterson

PUBLIC HEARING

18. 21-172 Adopted Resolution No. 2021-17 (Supplemental Fee Resolution 12), establishing Fees and Charges for Use and Operator Permits for Group Homes and Sober Living Homes and Hourly Billing Rates for Code Enforcement Services

City Manager Chi introduced Senior Planner Hayden Beckman who presented a PowerPoint communication entitled *Fees and Charges for Use* with slides titled: *Special Use Permit (SUP)*, *Conditional Use Permit (CUP)* and *Operator's Permit (OP)*, *Code Enforcement*, and *Questions*.

Mayor Carr opened the Public Hearing.

City Clerk Robin Estanislau announced there were no public speakers.

The Public Hearing was closed by Mayor Carr.

A motion was made by Peterson, second Delgleize to adopt Resolution No. 2021-17, "A Resolution of the City Council of the City of Huntington Beach Establishing and Updating Use Permit and Operator Permit Fees for Group Homes and Sober Living Homes and Hourly Billing Rates for Code Enforcement Services by Amending Resolution 2016-59, as amended pursuant to Resolution Nos. 2017-28, 2017-44, 2017-46, 2018-01, 2018-29, 2018-48, 2018-55, 2019-07, 2019-19, 2019-87 and 2020-37, Which Established a Consolidated Comprehensive Citywide Master Fee and Charges Schedule" (Supplemental Fee Resolution 12).

The motion carried by the following vote:

AYES: Peterson, Kalmick, Ortiz, Carr, Posey, Moser, and Delgleize
 NOES: None

ADMINISTRATIVE ITEMS

- 19. 21-177 Adopted Resolution No. 2021-12 authorizing the refinance of the City's Unfunded Accrued Liability Account Balance through the Sale of Taxable Pension Obligation Bonds to Refund All or a Portion of the City's Obligation to the California Public Employees' Retirement System, and authorizing the Execution and Delivery of a Bond Purchase Contract and a Continuing Disclosure Certificate and the Preparation of an Official Statement and Other Matters Related Thereto; and, authorized and approved Certain Actions with Respect Thereto; and, Adopted Resolution No. 2021-19 Adopting the City's Unfunded Accrued Pension Liability Policy**

City Manager Chi presented a PowerPoint communication entitled *CalPERS UAL Pension Debt, Refinancing Option Review* with slides titled: *Current FY 2020/21 Budget Situation, Fiscal Threats On The Horizon, Near Term UAL Budgetary Impacts, UAL Pension Refinance Option Review, Assessment Completed To Date, CalPERS Background, How Do Public Pension Costs Work?, Three Different Pension Cost Areas, City of Huntington Beach Pension Cost Areas, UAL Payments Driving Pension Cost Increases, \$436 Million in UAL Debt, UAL Payment Structure Similar To A Mortgage, UAL Cost Increase Impact On HB, City of Huntington Beach UAL Payments Amounts, So...What Do We Do Now?, What Are Our Options?, Refinancing Yields \$170.1M In Savings, CalPERS UAL vs. POB Refinance, CalPERS Costs vs. Refinance Costs, Why Is Refinancing Cheaper?, At Least 30 California Agencies Have Refinanced Pension Costs In The Past Year, Low Interest Rate Environment Starting To Show Signs Of Stress, Inflationary Pressures Would Require Higher Borrowing Costs, Why Shouldn't We Refinance?, Reasons Why Refinancing Could Be A Bad Idea(2), Reasons Why Refinancing Makes Sense(3), Budgetary Impacts, Refinancing @ 100%, 90%, & 80%, Refinance 100% of UAL Debt Load, Refinance 90% of UAL Debt Load, Refinance 80% of UAL Debt Load, UAL Policy Also Developed, UAL Pension Funding Policy, Accelerated Repayment Schedule, Refinance 100% of UAL Debt Load, Refinance 98.3% of UAL Debt Load, Refinance 95% of UAL Debt Load, Refinance 90% of UAL Debt Load, Refinance 85% of UAL Debt Load, Refinance 80% of UAL Debt Load, City Council Options, and Questions.*

Councilmember Posey stated he still does not support this action because the amount of the debt fluctuates up and down; however, if this item is approved for Obligation Bonds, the taxpayers are then obligated to pay \$436M, an amount that will not change. He also stated that if the Council wanted to increase sales tax it would have to go to the voters for approval, and believes this item should also go to the voters to decide whether to approve or not.

Councilmember Kalmick stated he sees this proposal as a straight refinancing, and the only cash-flow risk he sees is if suddenly the return on investment for CalPERS goes to 10% or 12%. Councilmember Kalmick stated his support for refinancing 98.3% of the pension obligation, and recommended bringing a Finance Policy to the next Charter Commission versus adopting an ordinance to lock it in. He further explained he supports the delta into a stabilization account with 50 percent (50%) of the surplus going into the Trust 115 account, bringing this action back for codification, and placing it on the 2022 ballot so the voters can weigh in on the policy going forward.

Councilmember Delgleize stated support for Councilmember Kalmick's comments especially at this time of low interest to plan for a disciplined method to address this liability. Councilmember Delgleize expressed her opinion that most likely CalPERS will experience much improved investment returns over the next 10 to 15 years just because of their recent leadership change and expected market change, but she still supports the plan to refinance and make the plan statutory.

Councilmember Peterson stated his opinion that the reason this problem exists is due to CalPERS investment strategy, and added that if Washington, DC does send stimulus funds which the State shares with CalPERS, Huntington Beach would miss out on any potential benefit if this action were approved. He also expressed concerns about the implications of union negotiations for increases should the bond pass be approved. Councilmember Peterson shared his opposition to the item, discussed being aware that other cities have been sued for making the same decision without voter approval, and stated his opinion that 100% of bond sale funds should be set aside for only pension obligations.

Councilmember Moser stated her support for the comments made by Councilmembers Kalmick and Delgleize, and stated her concern about seeing the expected increased payments without the ability to increase revenues, and cutting services is not an option in her mind. She expressed her support for a strategy that creates a new pension funding policy that includes increased savings amount, accelerated repayment schedule, and locking in terms.

Mayor Pro Tem Ortiz stated his opposition to this item because of the size of the obligation, the unstable stock and bond markets as the world pulls out of the COVID-19 crisis, and current uncertainty about the Federal stimulus response.

Mayor Carr stated cities have three options for revenue: taxes, return on investments, and fees. She also stated her opinion that neither CalPERS nor the City are going to be able to invest their way out of this situation, and she is most comfortable with financing at 80% which she believes also addresses the stranded asset issue, plus UAL payments at 50%. She added there would also be the need to do more belt tightening, and the fiscally responsible thing to do is take advantage of the current low interest rates. Mayor Carr and City Manager Chi discussed the implications her recommendation will have on the UAL policy.

Councilmember Delgleize and City Manager Chi reviewed the differences between the 80 percent and 90 percent options modeling, and Councilmember Delgleize stated her continued support for the 100 percent model.

Councilmember Kalmick and City Manager Chi discussed the amount of Federal stimulus funds that Huntington Beach might receive and use as Council chooses.

City Manager and Consultant Donald Field, Partner, Public Finance, Orrick Herrington & Sutcliffe LLP, discussed details related to legal challenges with pension obligation bonds, and Consultant Field explained the process of validation Huntington Beach has completed has pre-empted the opportunity for legal objections, and a judge has issued a judgment that the bonds would be valid.

Councilmember Kalmick clarified with City Manager Chi how the remaining CalPERS balance, if only 80% is refinanced, would be paid off annually at a fixed payment based on a 7% interest rate. Councilmember Kalmick stated his willingness to look at supporting 85% refinancing and clarified that

this is not "new" money that can be used for other obligations, therefore he supports conserving the savings.

Councilmember Delgleize, City Manager Chi and Mayor Carr discussed determining the amounts to refinance and put into savings bearing in mind this effort is to prevent the system from crumbling, and is not producing any new revenue. Mayor Carr expressed her support for an 80% refinance and 50% savings in the UAL Policy.

Councilmember Moser clarified with Councilmember Kalmick that his preference is to put 100% into the UAL Policy every year going forward, and he stated he could support 100% for the first year and 50% in succeeding years. Councilmember Delgleize stated her support for 100% the first year and 50% in succeeding years, as did Councilmember Moser and Mayor Carr.

Councilmember Kalmick restated his support for an 85% refinancing as that option will reduce the projected debt level down much faster. Mayor Carr stated her support for refinancing at 85%.

Councilmember Peterson stated he hopes to see as much attention given to the real problem of unsustainable pensions, added his opinion that this action is just kicking the can down the road, and suggested that pension reform become a priority.

Mayor Carr agreed with Councilmember Peterson that current pensions are an unsustainable issue, a problem that was not created by this Council, but this Council must do something under the situation to prevent having to cut services.

Councilmember Posey stated he still cannot support this action, and added that it appears the Council majority will approve what he considers the least bad option. He further stated his opinion that the real problem is the poor investment return being achieved by CalPERS, and added that solving the issue is going to take a team effort between labor groups, municipalities, and City Councils to demand higher returns from CalPERS.

A motion was made by Kalmick, second Delgleize to adopt Resolution No. 2021-12, "A Resolution of the City Council of the City of Huntington Beach Authorizing the Sale of Taxable Pension Obligation Bonds to Refund All or a Portion of the City's Obligation to the California Public Employees' Retirement System, and Authorizing the Execution and Delivery of a Bond Purchase Contract and a Continuing Disclosure Certificate and the Preparation of an Official Statement and Other Matters Related Thereto; and, authorize the City Manager and City Clerk to take all administrative and budgetary actions necessary to perform the bond issuance; and, adopt Resolution No. 2021-19, "A Resolution of the City Council of the City of Huntington Beach Adopting the City's Unfunded Accrued Pension Liability Policy" **as amended to refinance 85% of the overall UAL debt load; and, revise Ex A of Resolution No. 2021-19 (Unfunded Accrued Liability Pension Funding Policy) by increasing the first year POB debt service payment savings in the Section 115 Trust to 100%, and 50% thereafter (which would then continue in perpetuity, and would be adjusted annually by CPI).**

The amended motion carried by the following vote:

AYES: Moser, Kalmick, Delgleize, and Carr
NOES: Peterson, Ortiz, and Posey

COUNCILMEMBER COMMENTS (Not Agendized)

Mayor Carr reminded everyone of the COVID-19 Town Hall on Wednesday, March 3, and the Saturday, April 3, drive-thru Easter Event in Central Park. She also noted Huntington Beach Academy for the Performing Arts (HBAPA) is holding their drive-in playlist on March 5 and 6th at First Christian Church, and stated tickets are available online at hbapa.org.

Councilmember Moser expressed Council's condolences to the family of Charles Montgomery, owner of Montgomery Jewelers, who unexpectedly passed away.

Councilmember Kalmick noted for the record that Councilmember Peterson left the meeting.

ADJOURNMENT — at 9:45 PM in memory of Charles Montgomery, to the next regularly scheduled meeting of the Huntington Beach City Council/Public Financing Authority on Monday, March 15, 2021, at 4:00 PM in the Civic Center Council Chambers, 2000 Main Street, Huntington Beach, California.

INTERNET ACCESS TO CITY COUNCIL/PUBLIC FINANCING AUTHORITY AGENDA AND
STAFF REPORT MATERIAL IS AVAILABLE PRIOR TO CITY COUNCIL MEETINGS AT
<http://www.huntingtonbeachca.gov>

City Clerk and ex-officio Clerk of the City Council of
the City of Huntington Beach and Secretary of the
Public Financing Authority of the City of Huntington
Beach, California

ATTEST:

City Clerk-Secretary

Mayor-Chair