Torrance, California
June 23, 1962

MINUTES OF A SPECIAL MEETING
OF THE TORRANCE CITY COUNCIL

A specially called meeting of the Torrance City Council was held Saturday, June 23, 1962 at 9:30 A.M., in the Council Chambers of City Hall.

Those responding to roll call by City Clerk Coil were:
COUNCILMEN: Benstead, Drale, Miller, Vico, and Mayor Isen.

Mayor Isen announced this special meeting was called at the instance of the City Attorney and City Manager. City Attorney Remelmeyer was present and Mr. Orin P. Johnson represented City Manager Peebles.

At the request of Mayor Isen, City Attorney Remelmeyer made a brief summary of the contents of his memorandum or report dated June 22, 1962 and stated on Friday morning, June 22, 1962, he learned that Dominguez (either the Water Company or the Estate Company which work very closely together) verbally entered into a contract with Moneta for the purchase of a majority of the shares of Moneta. The contract would be with Mr. Stephenson (the treasurer) who claims to control a majority of stock. Mr. McVicar and Mr. Remelmeyer have been working on this project four or five years and the hearings before the Public Utilities Commission have been continued from time to time at Mr. Remelmeyer's instance, to give the City an opportunity to purchase the system. Although at first the City was interested in buying the assets of the company, a month or so ago Mr. Stephenson sug= gested the City purchase the stock at $250 a share. Incidentally, Dominguez also would pay $250 per share, the same price. Councilman Vico said Dominguez has already bought it.

City Attorney Remelmeyer said the attorney for the Company, Mr. Jerry Barnum said yesterday it was only a verbal agreement. The purchase of the stock therefore would not be possible for the City but the city does have the power of eminent domain.

Mayor Isen said he had read the report which he branded as wonderful and asked several questions of Water Superintendent McVicar, as follows:

Q. How do Moneta's rates compare with City rates?

A. Almost identical.

Q. Have there been any complaints about the service lately, like sometime ago?

A. No.

Q. North Torrance has certainly developed and built all over the map.

A. Yes, we are interspersed among them, you know.

Q. (To Director of Finance Scharfman) Jerry, reading your report - you could dig up the money from some place, but it would practically bankrupt us for ten years and we have a library problem coming up - but I am glad to know there is some money. Personally, I can't see it.

City Attorney Remelmeyer outlined the method available for financing the purchase if it were made. If the City bought the stock at $450,000, half of that amount would have to be borrowed from the General Fund. To purchase the assets, it is not necessary to borrow from the general fund. Mr. Remelmeyer said this would be a money-making project for the City in the long haul and would obviate a series of problems we have had with Moneta. If Dominguez buys, there will be even more trouble with Dominguez. Every time the City wants to change the grade of a street there will be trouble. We do have enough money to purchase the water system and, regardless of whether or not Dominguez buys the stock, the City can by eminent domain proceedings purchase the water system.

Councilman Miller asked about clar title and City Attorney Remelmeyer said available title seems good enough for Dominguez. By buying the stock they are buying the water system as well. It has the same title defect as if the City took it over.

City Attorney Remelmeyer's recommendation is to condemn Moneta Water Company by eminent domain proceedings to be instituted as soon as possible. He figures the price to be about one quarter million dollars. We can't get the land this way, but we can get the water system. After condemnation, the City would negotiate with the Department of Water and Power to take over one-half of the system so the cost to the City would ultimately be only $125,000 for the part within the City. It would possibly be a year before any money would have to be put up. However, if either Moneta or Dominguez wish to sell to the City after condemnation, it would be necessary to have the money available.

Mayor Isen asked if this would delay the planned expansion of the storage system for the Torrance Water Department. Mr. McVicar and Mr. Scharfman said it would not materially affect that plan under one of the available methods of financing. The amount by which the present plant is depreciated is approximately $190,000 per year which represents cash available for plant expansion or replacement. That, plus normal profits over one year, should approximate the amount necessary to purchase the assets of Moneta.

Mayor Isen said he is willing to reverse himself to the extent that if through eminent domain proceedings it can be started, the time of filing to set the price paid, if the Finance Department can see that it can be contained within the finances of the Water Department without too much delay or impediment of the expansion program of the present system, he would be in favor of it.

Mr. McVicar said while it might possibly delay the storage problem solution somewhat, other problems make it probable that there will have to be a couple of wells drilled and he did not consider the delay in completing the storage program a critical factor.

City Attorney Remelmeyer said in light of Dominguez' action, whatever action the City takes should be taken immediately and suggested Mayor Isen call a special meeting of the Council Monday morning. He assumes the water system is worth about one-half of the approximately $445,000 total, the other half representing the value of the land. He did not know whether Dominguez particularly wants the water system, or the land.

Three members of the Water Commission were present: Chairman Schwab, Commissioners Hogue and Dumont. Mr. Schwab said while he has not had a chance to study this on such short notice, he believes the City should act under the eminent domain condemnation power. Commissioners Hogue and Dumont concurred.

Water Superintendent McVicar said it would improve our system by supplying the ability to give better service, better pressure and better quality of water. Under eminent domain at $250,000 for the water system he considered it a good purchase; Torrance does not need the land nor the well. As of March 1, 1962 there was $292,000 in the Water fund.

In answer to Councilman Miller's question as to what would happen if the court sets too high a value, City Attorney Remelmeyer said the proceedings could be abandoned. The City would have to pay the appraiser's fee and attorney fees for the other side, probably a total of around $10,000. Another alternative Mr. Remelmeyer mentioned was the City claiming title to the lines because of their being in the public city streets. Any action taken today is tentative; a resolution would have to be adopted.

Councilman Benstead said there seems to be a lot of "ifs" and "buts" involved in the proposals contained in the City Attorney's excellent report. Mr. Remelmeyer said the difficulties lie principally in the stock purchase; the condemnation is the simplest by far. The only sure way to get title is by court decree. Whatever the value is determined to be the City would pay into Court; the Court would pay Moneta and they would distribute to their stockholders.

Councilman Vico stated the City has been dilatory in making a decision. He works for Dominguez Water Company which bought Moneta yesterday. Mr. Vico said he had had an inquiry from Mr. Stephenson as to whether his company would be interested in buying Moneta. Mr. Stephenson stated he did not want to sell to the City of Torrance. Mr. Vico stated also he had been informed one of the stockholders of Moneta has a friend whom he would like to have sell the real estate estimated to be worth about $240,000. Dominguez has been negotiating for Moneta two or three months. He acknowledged he cannot vote on the question but wished to express his personal opinion. Whoever gets the company will be getting a good deal, Mr. Vico said.

City Attorney Remelmeyer said Mr. Stephenson made the offer to sell the stock to the City voluntarily and has never been approached by the City. d He repeated the City does not want the land, only the water lines and possibly one well.

Councilman Drale agreed, stating the only purpose is to protect the citizens of the area as far as availability of water is concerned. Dominguez will probably raise the rates above what the City is charging and there will be constant problems.

Councilman Vico asked just one reason why the City should not also acquire the real estate; he considered the title a fouled up mess.

Councilman Drale said without being critical of Dominguez, Moneta, or the City of Torrance, being a real estate man, he knows there is a practice in such negotiations the buyers, sellers and broker get together and exercise courtesy to one another. Dominguez knew the City was interested and should have come to the City, but did not.

Councilman Vico also disapproved of the possibility of another appraisal after one had been made sometime ago at considerable expense to the City.

Mr. Remelmeyer told Mr. Vico if the City buys the water system and Dominguez buys the stock; everyone will come out ahead, especially considering Moneta's tax situation.

Councilman Drale moved the City Attorney be instructed to prepare a proper resolution for condemnation of the water system of Moneta Water Company. The motion was seconded by Councilman Benstead and carried as follows:

AYES: COUNCILMEN: Benstead, Drale, Miller, Mayor Isen.
ABSTAIN: COUNCILMEN: Vico.

Councilman Drale then moved Mayor Isen be authorized to call a special meeting of the Torrance City Council at 8 A.M., Monday, June 25, 1962, in Council Chambers for the purpose of considering the necessary resolution for condemnation of Moneta Water Company. Councilman Miller seconded the motion which carried, as follows:

AYES: COUNCILMEN: Benstead, Drale, Miller, Mayor Isen.
ABSTAIN: COUNCILMEN: Vico.

Mayor Isen called such a special meeting.

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Mr. David Halstead and a number of citizens were present on a problem involving a fireworks stand location in Hollywood Riviera but on inquiry by Mayor Isen, it was determined they had reached a solution by relocation of the stand.

Councilman Benstead moved to concur in that solution. Motion, seconded by Councilman Miller, carried there being no objection.

The meeting adjourned at 10:15 A.M.

Vernon W. Coil

Vernon W. Coil, City Clerk
City of Torrance, California

APPROVED:

Albert Isen

Mayor of the City of Torrance