

March 23, 1999

**MINUTES OF A REGULAR MEETING
OF THE TORRANCE CITY COUNCIL**

1. CALL TO ORDER

The Torrance City Council convened in a regular session at 6:03 p.m. on Tuesday, March 23, 1999, in the General Aviation Center at Torrance Airport.

Present: Councilmembers Cribbs, Horwich, Lee, Messerlian, O'Donnell, Walker, and Mayor Hardison.

Absent: None.

Also Present: City Manager Jackson, City Attorney Fellows, City Clerk Herbers, and other staff representatives.

*

Agenda Item No. 20 was considered out of order at this time.

20. EXECUTIVE SESSION

At 6:04 p.m., pursuant to Government Code Section Nos. 54956.9(a), 54956.8, and 54956.9(b)(1), the Council recessed into a closed session to discuss matters listed on the meeting agenda.

At 7:05 p.m., the Council reconvened in open session, and the meeting resumed in regular agenda order.

*

2. FLAG SALUTE/ INVOCATION

The Pledge of Allegiance was led by Mayor Hardison.

Pastor Heath Perry, Calvary Chapel South Bay, gave the invocation for the meeting.

3. AFFIDAVIT OF POSTING/WAIVE FURTHER READING

MOTION: Councilman Lee moved to accept and file the report of the City Clerk on the posting of the agenda for this meeting. The motion was seconded by Councilwoman Cribbs and, there being no objection, it was so ordered by Mayor Hardison.

MOTION: Councilman Lee moved that after the City Clerk has read aloud the number and title to any resolution or ordinance on the meeting agenda, the further reading thereof shall be waived, reserving and guaranteeing to each Councilmember the right to demand the reading of any such resolution or ordinance in regular order. The motion was seconded by Councilwoman Cribbs and, there being no objection, it was so ordered by Mayor Hardison.

4. **WITHDRAWN/DEFERRED ITEMS**

None.

5. **COUNCIL COMMITTEE MEETINGS AND ANNOUNCEMENTS**

Ad Hoc Committee for Facility Naming & Signage Criteria

Monday, March 22, 1999, 5:00 p.m.

Third Floor Assembly Room

Subject: Establishment of City Policy on Civic Center Signage

Councilwoman Cribbs announced that the committee had met as scheduled and would be bringing a recommendation to the Council in the future.

Budget Outreach & Regular City Council Meeting

Tuesday, April 6, 1999

7:00 p.m.

North High School Library

3620 West 182nd Street

Legislative Committee Meeting

Wednesday, April 7, 1999, 5:00 p.m.

Third Floor Assembly Room

Subject: Municipal Election 2000

Budget Workshops

Wednesday, May 26, 1999

Wednesday, June 2, 1999

Council Chambers, 5:30 p.m.

Mayor Hardison noted that postcards were available at the meeting for the public to self-address if they wished to be reminded of the budget workshops.

7. **CONSENT CALENDAR**

7a. **APPROVAL OF MINUTES – MARCH 2, 1999**

7b. **INVESTMENT REPORT FOR FEBRUARY 1999**

Recommendation

The City Treasurer recommends that City Council accept and file the statement of investment activity for the month of February, 1999.

7c. **TREE DEDICATIONS – JANUARY THROUGH DECEMBER 1998**

Recommendation

The Parks and Recreation Commission and the Parks and Recreation Director recommend that City Council accept donations totaling \$1,300 for the Living Tree Dedication Program, and appropriate the funds for program expenses.

7d. PURCHASE ORDERS RE ANNUAL REQUIREMENT OF SPORTS EQUIPMENT

Recommendation

The Parks and Recreation Director recommends that the City Council authorize purchase orders be awarded to various vendors for the purchase of the City's annual requirement of sports equipment. Total purchase order not to exceed \$69,448.00.

7e. PURCHASE ORDER RE MINOLTA COPIERS

Recommendation

The Human Resources Director of the City of Torrance recommends that City Council authorize a purchase order for a 48-month lease/purchase and maintenance agreement for four (4) Minolta EP8015 copiers. This agreement will be with Copelco Capital, Inc., a leasing agent for Minolta Business Systems, Inc., of Torrance California for an annual amount not to exceed \$52,550.00 plus taxes.

7f. 1999 MOBIL GREEN TEAM SUMMER YOUTH EMPLOYMENT PROGRAM

Considered separately, see below.

7g. PURCHASE OF DELL SERVER AND SOFTWARE

Recommendation

The City Librarian and Information Systems Director recommend that City Council approve the purchase of a Dell 6300 Server and software for the Library with an amount not to exceed \$64,474.

7h. 1998-99 JOB TRAINING PARTNERSHIP ACT OPERATONAL BUDGET.

Recommendation

The Human Resources Director recommends that City Council accept and appropriate additional funding of \$10,151 and decrease appropriations of \$901,488 to the JTPA 1998-99 Operational Budget.

MOTION: Councilwoman O'Donnell moved for the approval of Consent Calendar Item Nos. 7a, 7b, 7c, 7d, 7e, 7g and 7h, with Councilwoman Cribbs abstaining on Item No. 7a. The motion was seconded by Councilman Walker and passed by unanimous roll call vote.

*

Consent Calendar Item No. 7f was considered separately at this time.

7f. 1999 MOBIL GREEN TEAM SUMMER YOUTH EMPLOYMENT PROGRAM

Recommendation

The City Manager recommends that City Council accept a donation of \$100,000 from Mobil Oil Corporation and appropriate the funds for the 1999 Mobil Green Team Summer Youth Employment Program.

Mr. Richard Igercich, Supply and Logistics Manager, Mobil Oil, presented a \$100,000 check to Mayor Hardison to fund the 1999 Green Team Summer Youth Employment Program and noted that this is the ninth year Mobil has sponsored the

program. Mayor Hardison thanked Mobil Oil for their continued support of this program and indicated that it will provide an opportunity for approximately 35 Torrance youths to learn job skills and earn money during the summer.

MOTION: Councilman Messerlian moved to accept and appropriate a \$100,000 donation from Mobil Oil Corporation for the 1999 Green Team Summer Youth Employment Program. The motion was seconded by Councilwoman O'Donnell, and voice vote reflected unanimous approval of those present.

12. PERSONNEL MATTERS

12a. WELFARE-TO-WORK EMPLOYMENT AND TRAINING AGREEMENT

Recommendation

The Executive Committee of the Carson/Lomita/Torrance Private Industry Council and the Human Resources Director of the City of Torrance recommend that City Council:

- (1) Accept the Non-Custodial Parent Program funding of \$102,911;
- (2) Appropriate this money to the Employment and Training Division budget;
- (3) Authorize the execution of a Welfare-to-Work agreement with Los Angeles County for the Non-Custodial Parent Program; and
- (4) Adopt a resolution authorizing the Mayor to sign any contracts, amendments, and other required documentation relating to the operation of the Non-Custodial Parent Program.

MOTION: Councilwoman Cribbs moved to accept the funding, appropriate the money, and authorize the execution of the agreement. The motion was seconded by Councilman Messerlian and passed by unanimous roll call vote.

RESOLUTION NO. 99-32

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE
DESIGNATING THE MAYOR OF TORRANCE AS THE SIGNATURE
AUTHORITY FOR THE CARSON/LOMITA/TORRANCE PRIVATE
INDUSTRY COUNCIL WITH RESPECT TO THE 1998-2000
NON-CUSTODIAL PARENT PROGRAM WITH LOS ANGELES COUNTY**

MOTION: Councilman Messerlian moved for the adoption of Resolution No. 99-32. The motion was seconded by Councilwoman Cribbs and passed by unanimous roll call vote.

13. ADMINISTRATIVE MATTERS

13a. CIVIL SERVICE URGENCY ORDINANCE

Recommendation

The City Manager and the City Attorney recommend that City Council adopt proposed amendments to Sections 14.1.4 and 14.1.16 of the Torrance Municipal Code, 'Declaring and Codifying Existing Practices Regarding Appointments to Temporary Positions of Limited Funding or Duration and Appointments to At-Will, Non-Classified or Non-Civil Service Positions.' This is an urgency ordinance. Under Section 1300 of the City Charter, a five-sevenths vote of the City Council is required to amend the Civil Service ordinance.

City Attorney Fellows advised that a lawsuit had been filed against the City of Torrance by the Engineers' Association asserting that the City does not have the power to make appointments to non-civil service positions, and that although it has been the practice of the City for a period of over 30 years, the City's Civil Service Ordinance does not explicitly call out that fact. He stated that he was requesting that action be taken to make clear in the ordinance what the existing practice has been; and, referring to supplemental material distributed at the meeting, he noted that the Civil Service Commission had considered this matter at their meeting the previous evening and voted unanimously to concur with the staff recommendation.

Mayor Hardison requested clarification regarding the need for an urgency ordinance. City Attorney Fellows responded that a Court hearing on this matter was scheduled for April 1, 1999, and that he would like to be able to add this documentation to the court record to indicate what the existing practice has been.

Noting that he had sent a letter to each Councilmember outlining the Engineers' concerns, Mr. John Kulluk, President of the Engineers' Association, indicated that their main concerns were that this is a meet and confer issue and that the ordinance does not satisfy the requirements for urgency as stated in the City Charter.

Mr. Alan Lee, President of Torrance Municipal Employees, AFSCME, Local 1117, stated that management had failed to justify the need for an urgency ordinance and that the ordinance has very serious implications to the Civil Service system, a system designed to prevent nepotism and favoritism, and merits thorough discussion.

Mayor Hardison asked if Mr. Lee was making the assumption that if the City hires at-will employees, as the City has for 30 years, that that is showing favoritism and nepotism.

Mr. Lee replied that just because something has been done for 30 years does not make it legal, that this action may be perceived as impeding the court action, and that the independence and integrity of the court system should be respected.

City Attorney Fellows advised that there was no requirement that the City meet and confer with employee organizations prior to the ordinance's adoption, explaining that the ordinance was nothing more than a declaration of what the existing practice has been, that the City was not requesting any changes in practice, and that it was a matter of form over substance.

With regard to the urgency issue, City Attorney Fellows conceded that there was no declaration reciting the need for urgency contained in the ordinance and requested that the Council add a Section 6 to the ordinance declaring that, "the adoption of this urgency ordinance is necessary to preserve the City's ability to hire employees to perform necessary services for the City including urgently needed public works projects." He noted that, in connection with the lawsuit, the City had received notice by fax the previous Wednesday that the Engineers' Association was seeking an injunction to stop the City from hiring persons to perform these needed services and was also seeking the court-ordered firing of two project managers who had recently started work on public works projects.

ORDINANCE NO. 3465

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TORRANCE AMENDING SECTIONS 14.1.4 AND 14.1.16(c) OF THE TORRANCE MUNICIPAL CODE RELATING TO CIVIL SERVICE

MOTION: Councilman Messerlian moved for the adoption of Urgency Ordinance No. 3465 as amended. The motion was seconded by Councilman Lee and passed by following roll call vote:

Ayes:	Cribbs, Horwich, Lee, Messerlian, Walker and Hardison.
Noes:	O'Donnell.
Abstain:	None.
Absent:	None.

13b. PROPOSED FORMAT CHANGES TO THE 1999-2001 OPERATING BUDGET

Recommendation

The Finance Director recommends that City Council concur with the format changes to the City's 1999-2001 Operating Budget.

Finance Director Tsao outlined the proposed format changes to the 1999-2001 Operating Budget that were being recommended to improve the readability of the document and to provide a better gauge of the progress toward the goals and priorities of the Strategic Plan. He emphasized that this will be a 24-month planning document and not two separate twelve-month plans.

MOTION: Councilwoman Cribbs moved to concur with the staff recommendation. The motion was seconded by Councilman Lee and passed by unanimous roll call vote.

*

Agenda Item No. 13d was considered out of order at this time.

13d. FIRST 1999-2001 BUDGET WORKSHOP

Recommendation

The City Manager recommends that City Council open and conduct a budget workshop for the purpose of receiving public input related to the 1999-2001 Operating Budget format.

City Manager Jackson advised that this workshop was being conducted as part of an outreach effort to update the community on the status of the current budget, to inform them about the direction of the 1999-2001 budget, and to receive input from public and the City Council at the very beginning of the process regarding the development of the budget.

Finance Director Tsao reviewed the 1998-99 fiscal year budget through Period 7, noting that all funds were within budget; explained financial issues impacting the 1999-2001 budget, including the reduction in Public Employees Retirement System (PERS) rates; and outlined the 10-year projection of the General Fund.

City Manager Jackson discussed the 1999-2001 budget development guidelines, indicating that it is projected that approximately \$1.5 million will be available to enhance current programs and restore previous reductions, address new service level needs created by the City's aggressive Capital Improvement Program, and increase reserves. He advised that City departments are reviewing their current budget and reassessing their priorities as they move from program budgeting to a results-oriented budget format in furtherance of the goals and objectives of the Strategic Plan.

Assistant City Manager Giordano provided an overview of the Strategic Plan adopted in February 1996 and detailed the progress of the three-year update of the plan which began in May 1998, including the results of statistical surveys, environmental scans, employee surveys, and focus groups conducted from October through December of 1998.

Mayor Hardison invited public input.

Mr. Fritz Probst, 2723-J Torrance Airport, reported that there had been 13 burglaries at the airport over the last ten days, noting that his hangar was broken into and he was concerned that someone might have tampered with his airplane. He requested that funding for nighttime security personnel at the airport be restored.

Councilman Lee requested that a report be provided detailing the criminal activity at the Airport since night-shift security was eliminated. Mayor Hardison suggested that staff also look into the security of the gate system.

Mr. Barry Jay, 2514 Brian Avenue, President of Torrance Airport Association, commented on projections that the use of personal aircraft as a means of transportation will increase dramatically over the next 20 years, stated that the City has a responsibility to protect the assets of the City and those of aircraft owners and operators, and urged the Council to make security at the airport a priority.

Commenting on a past incident at the airport that involved the deaths of a teacher and a doctor during night hours, Councilwoman O'Donnell expressed her opinion that it was dangerous and foolish not to have security personnel at the airport at night.

*

13c. REQUEST FOR PROPOSAL FOR UTILITY BILLING, METER READING AND METER MAINTENANCE

Recommendation

The City Manager recommends that City Council direct the City Manager to negotiate a contract with Southern California Water for utility billing and meter reading services.

Referring to written material of record, Assistant City Manager Giordano reported on the Request for Proposals (RFPs) for utility billing, meter reading and meter maintenance, providing a chronology of pertinent dates and events, and explaining the extensive evaluation process that included review by an evaluation team and the Water Commission. She noted that it was determined that meter maintenance should be removed from the bidding process because of its close ties to the infrastructure. She advised that in December 1998, Mr. Len Wood was hired to act as a facilitator to assist the evaluation team in their final analysis of the proposals and that although the team did not arrive at a consensus regarding the most qualified vendor, they did agree that

California Water Company (Dominguez Water Company) and Southern California Water Company (Golden State) were both qualified to provide billing and meter reading services to the City. She indicated that the Water Commission, after a thorough examination of the information provided and lengthy deliberations, had determined that they could support the outsourcing of billing but not meter reading, and noted that the Commission's comments and recommendation were included as Exhibit 1. She outlined the City Manager's recommended options: (1) To negotiate a contract with Southern California Water for utility billing and meter reading services, and (2) To accept the revised submittal from the Engineering Department for meter reading and negotiate a contract with Southern California Water for utility billing services; and stated that staff believes that significant savings can be realized by outsourcing both utility billing and meter reading with minimal risk, while maintaining a high level of customer service.

Responding to questions from the Council, staff provided clarification of cost equalization factors, such as indirect costs, stranded costs and offsetting revenues, used to evaluate the proposals.

Councilwoman Cribbs stated that the cost to administer an outside contract is a legitimate expense that needs to be considered, as well as time that will be spent by clerks fielding calls about the conversion. She expressed her opinion Southern California Water's contention that they could convert the billing system in two to four weeks was extremely unrealistic. Ms. Giordano offered clarification of the amount added to the bids to cover the cost of administration and City personnel.

Councilwoman O'Donnell asked if residents will benefit from outsourcing in terms of lower rates. Ms. Giordano indicated that that issue will be coming forward in budget discussions, but noted that the City Manager had suggested the possibility of using some of the projected cost savings to lower the City's very high fire protection service fee and that there are other issues that need to be addressed.

Noting that the cost to reinstate the City's billing system is projected to be approximately \$625,000, Councilman Messerlian suggested that if this function is outsourced, the contract should be ironclad so as to leave no room for the vendor to renegotiate the terms during the life of the contract. He expressed concerns that revenue will be lost due to the private sector's much higher uncollectible rate.

Responding to Mayor Hardison's inquiry, Water Operations Administrator van der Linden advised that the Engineering Department's billing proposal could be implemented by either the Engineering or the Finance Department. Engineering Department/Water Division staff provided information regarding the cost of upgrading the existing billing system and the number of personnel that would be needed if Engineering assumes the billing function. Assistant Finance Director Flewellyn supplied information about the personnel currently handling the billing.

Posing a hypothetical question, Councilman Walker asked whether at some point in the future, the Engineering Department would be able to match competitors' bids if they had the benefit of the same technology.

Finance Director Tsao stated that he did not believe so, explaining that outside vendors are more cost-effective because they have a larger customer base over which to apportion costs, especially in the area of customer service where a minimum level of staffing must be maintained during lunchtime and breaks.

Councilman Horwich asked if the Engineering Department concurred with Mr. Tsao's comments.

Engineering Director Burtt noted that the City serves over 26,000 customers making it a good-sized utility; and referring to the Engineering Department's meter reading proposal, he indicated that he believed they were quite competitive. He related his opinion that, all things being equal, the Engineering Department could provide cost effective billing as well.

Responding to Councilwoman Cribb's inquiry, Assistant Finance Director Flewellyn estimated that it would cost between \$600,000 and \$800,000 to equip the City with a new state-of-the-art billing system.

The Council recessed from 9:22 to 9:50 p.m.

On behalf of the Water Commission, Chairman Lee Robinson advised that Commissioners felt that there may be some potential savings in the area of billing but strongly believed that the meter reading is more closely tied with maintenance and customer service and should not be contracted to an outside vendor. He indicated that while the Commission had spent many months reviewing the proposals, many questions remained unanswered and it was unclear whether true savings in the form of lower utility bills would be realized. He questioned the rationale for changing things at a time when the Water Department is functioning better than it has in recent memory, providing improved service and upgrading equipment and the infrastructure.

Mr. Todd Argow, Governmental Consultant for Southern California Water, introduced representatives of his company present at the meeting.

Mr. Joe Young, Vice President of Customer Service for Southern California Water, offered to respond to the questions and concerns voiced by Councilmembers. Addressing the time frame for converting the billing system, he advised that the company recently acquired the contract to do billing and cash processing for a utility company in Arizona, and within ten days had their customer service center up and running. He explained that the City can terminate the contract for cause with no severance costs and that if the contract is extended beyond the initial five years (three years/two-year option), Southern California Water would be willing to renew with only a cost-of-living increase. He conceded that the City has a very low uncollectible rate, but indicated that the same policies and procedures the City now follows will be implemented, and that he believed the same rate could be achieved.

Commenting on customer service, Mr. Young stated that the company operates a customer service center in San Dimas that is open 7 days a week, 24 hours a day to answer customer inquiries; that a business office will be opened in Torrance where customers can pay their bill in person during normal business hours; that their billing system is state-of-the-art; that the company has devised a very user-friendly billing format that could be implemented or the current format could be retained; and that the company has an accredited employee training program unmatched in the industry.

Responding to questions from the Council, Mr. Young provided information regarding the company's operations throughout California and Arizona and gave a brief history of Southern California Water and Golden State Water, the marketing arm of the company.

Mr. Terry Tamble, District Manager for California Water, noted that California Water/Dominguez Water has been providing high-caliber service to residents of Torrance for over 70 years and emphasized the importance of dealing with a company that has a proven track record in the City. He stated that his company also would be able to renew the contract after the initial term with only a cost-of-living increase, and that in addition to their customer service office in Redondo Beach, another office would be opened in Torrance, as well as a payment station in Hollywood Riviera. He advised that the customer service phone line is manned around the clock, with a supervisor on call at all times, and that customers would be able to access their accounts 24 hours a day using an interactive voice response system.

In response to questions from Councilmembers, Mr. Tamble explained that with regard to uncollected bills, the company is governed by policies dictated by the Public Utilities Commission, but they would be allowed to institute the same policies currently used by the City, and by doing so would be able to achieve a comparable uncollectible rate.

Mr. Alan Lee, TME-AFSCME, Local 1117, stated that there is no consensus of what the actual cost savings of outsourcing would be and that even if actual savings can be realized, the projected savings fall short of making a case for contracting out these services. He contended that Torrance residents have come to expect "Cadillac service," and that the City's Water Department employees, most of whom live in the City, provide service that cannot be equaled by outside contractors whose only interest is financial.

Mr. Greg Wines, Water Service Supervisor for the Torrance Municipal Water Department, reported that the Water Department responds to approximately 18,000 customer calls a year and that employees interact with residents and observe and report hazardous problems along their routes. He pointed out that since the operation is located within the City, they are able to provide a timely response to emergencies that is sometimes critical; commented on recent improvements and efficiencies; and requested that the meter reading and field services remain with the Water Department.

After distributing a chart to illustrate his point, Mr. Patrick Astredo, Union Relations Representative and a member of the Evaluation Team, advised that one of the most contentious issues during the RFP process was the matter of collateral costs (overhead allocated for services shared by all City Departments such as the City Attorney, Finance Department, Personnel, etc.) and that he had determined that these costs will remain after outsourcing and should not be included in projected savings. Citing concerns including the risk of contract failure, the potential loss of revenue due to a higher uncollectible rate, and the absence of a clear-cut benefit to consumers, he stated that he had come to the conclusion that it is not in the best interest of the City of Torrance to contract with an outside vendor for meter reading or billing services. He commented that even though the evaluation process was grueling, he believed that it was valuable because it forced the Water Department to evaluate their business practices, and noted that improvements and efficiencies have already been achieved as a result of the process.

Mr. Deane Haddon, Water Commissioner and member of the Evaluation Team, expressed his regret that the members of the Evaluation Team had been unable to come to a consensus, but explained that there are no clearly defined guidelines when it comes to comparing an in-house agency with outside vendors, and that he was not able to confirm the projected savings using the information presented.

Responding to Mayor Hardison's inquiry, Mr. Tsao advised that the RFP process was undertaken at the Finance Department's suggestion two years ago because they believed it was an opportune time to explore outsourcing the utility billing due to the retirement of key personnel and the looming expense of updating computer equipment to contend with the Y2K problem.

Councilman Walker indicated that he would not support the outsourcing of meter reading or field services, stating that too much emphasis was being placed on monetary issues when the most important factor is the level of service being provided to Torrance residents. He conceded that there might be some potential savings by outsourcing the billing function, but noted that there was no guarantee that the savings would continue beyond the term of the contract and stated that he preferred to fix the antiquated system and retain local control.

Councilman Lee stated that regardless of the outcome, the process had worked because it caused the City to look internally at what they do and how they do it and as a result, found they could be more efficient. He expressed concerns about the expenditures that would be necessary for equipment and training personnel if the Engineering Department assumed the responsibility for billing; voiced his belief that the numbers presented confirm that the billing function could be performed by an outside company for dramatically less money than is currently being spent; stated that he especially liked the availability of 24 hour-a-day customer service; and related his experience that customers are better served when the same entity is responsible for both creating and processing bills. He commented that he could not ignore the cost savings of privatization and believed that taking such action goes to the core of the Strategic Plan in terms of having a responsive, accountable, cost-effective government.

Councilwoman O'Donnell voiced concerns about the loss of control and accountability if Water Department services were to be outsourced, commenting on the danger of being penny wise and pound foolish. She expressed her opinion that the companies bidding have a large customer base and would be spread too thin to provide the kind of personalized, friendly service that Torrance residents have come to expect. She stated that billing is not within the scope of the Engineering Department and should be handled by the Finance Department.

Councilman Messerlian noted that despite many months of investigation, no consensus had been reached regarding cost factors and potential savings, and stated that the discussion had become one of philosophy and whether or not one believes in outsourcing. He commented that accountability is the linchpin of local government, that he believed the City's Water Department could do as well as the private sector if given the proper resources, and that he had not been given a convincing argument and saw no compelling reason to change things.

Councilman Horwich voiced his opinion that there was a compelling reason to outsource the billing function because the Finance Department had determined that it was no longer cost effective for the City to do it. He recommended that the City contract with either Southern California Water or California Water to handle the billing process and retain the meter reading and maintenance operations in-house.

Pointing out that the City has used outside water companies to provide services to portions of the City for many years, Councilwoman Cribbs maintained that outsourcing was not something new or strange. Addressing the loss of control issue, she stated that

as with any service provider with whom the City contracts, the contract could be terminated if the company failed to perform as agreed and would likely include a provision for liquidated damages that would help defray the expense of reinstating the billing in-house. She expressed support for the City Manager's recommendation to contract out billing services and accept the revised submittal from the Engineering Department for meter reading with reviews at six-month intervals to evaluate whether goals are being met.

Mayor Hardison stated that she believed there would be substantial savings by outsourcing billing services and that the savings would be identifiable and would be put to good use, but that she did not see any savings with regard to meter reading and would not be supportive of outsourcing meter reading and field services at this point. She agreed that the Engineering Department's progress should be reviewed at regular intervals.

MOTION: Councilman Lee moved to concur with the City Manager's recommendation to accept the revised submittal from the Engineering Department for meter reading and directed the City Manager to negotiate a contract with Southern California Water for utility billing services, with a Consumer Price Index rate cap on renewal included as part of contract negotiations. The motion was seconded by Councilwoman Cribbs and passed by a 4-3 majority as reflected in the following roll call vote:

- AYES: Councilmembers Cribbs, Horwich, Lee, and Mayor Hardison.
NOES: Councilmembers Messerlian, O'Donnell, and Walker.

Offering clarification of his vote, Councilman Walker stated that he was in favor of keeping the meter reading in-house but opposed the outsourcing of billing services.

Councilwoman Cribbs, echoed by Mayor Hardison, thanked City staff and the members of the evaluation team for their efforts, acknowledging the enormous amount of work that it took to complete the process.

13e. ROLLING HILLS PLAZA LEASEHOLD

Recommendation

The Land Management Team recommends that City Council authorize the Mayor to execute and the City Clerk to attest to the following relating to the property located at the corner of Pacific Coast Highway and Crenshaw Boulevard known as Rolling Hills Plaza Shopping Center:

- (1) Consent to encumbrance in favor of Wells for a first trust deed of up to \$40,500,000.00;
- (2) Consent to encumbrance in favor of Rolling Hills Partnership (RHP) for an equity second deed of trust in an amount of up to \$15,000,000.00;
- (3) Estoppel certificate relating to the lease;
- (4) Consent to the assignment of the lease from Rolling Hills Plaza Venture 96, LLC, a California limited liability company to Rolling Hills Plaza, LLC, a California limited liability company to be comprised of Rolling Hills Plaza Venture 96, LLC, and Northern RHP, a Delaware limited liability company, and

- (5) Exercising a refinancing option to extend the lease from December 31, 2045 to March 15, 2049;
- (6) Language changes that effect the master lease and lease amendments relating to approved leasehold mortgagee, percentage of ownership and management at the shopping center.

MOTION: Councilman Walker moved to concur with the staff recommendation. The motion was seconded by Councilman Lee and passed by unanimous roll call vote.

18. ADDENDUM MATTERS

None.

*

The Council met as the Torrance Redevelopment Agency from 11:55 to 11:56 p.m.

*

19. ORAL COMMUNICATION

19a. City Manager Jackson expressed his appreciation to consultant Len Wood for his work with the RFP for Utility Billing.

19b. Councilwoman Cribbs stated that she wished to abstain from approving Item No. 7a, realizing that she was absent from said Council meeting.

19c. Councilwoman O'Donnell stated that the Carson Animal Shelter is extending its hours and that the new hours will be Monday through Thursday, 12:00 p.m. to 7:00 p.m., and Friday and Saturday, 10:00 a.m. to 5:00 p.m.

19d. Councilman Horwich announced the birth of his fifth grandchild, David Anthony Horwich.

19e. City Manager Jackson commended staff from Cable TV and General Services for their efforts in preparing for tonight's City Council meeting.

20. EXECUTIVE SESSION

At 11:59 p.m., the City Council recessed to continue their closed session (see page 1). At 12:15 a.m., the Council reconvened in open session; no formal action was taken on any matter heard in closed session.

21. ADJOURNMENT

At 12:15 p.m., the meeting was adjourned to Tuesday, April 6, 1999, at 5:30 p.m. for an executive session at City Hall, with the regular meeting commencing at 7:00 p.m. in the Library at North High School located at 3620 West 182nd Street.

Mayor of the City of Torrance

ATTEST:

City Clerk of the City of Torrance

Sue Sweet
Recording Secretary

City Council
March 23, 1999