

City Engineer Johansen presented staff report.

Audience member corrected his request, stating that he meant to remove Item VI.1.

Moved by Councilmember Gomez, seconded by Councilmember Beamish, and CARRIED UNANIMOUSLY (5-0) TO APPROVE THE APPRAISAL AND PURCHASE OF PARTIAL RIGHT-OF-WAY FROM A PARCEL AT 1610 WEST WHITTIER BOULEVARD; AND AUTHORIZE CITY MANAGER TO EXECUTE ALL DOCUMENTS AS NEEDED TO ACQUIRE SAID RIGHT-OF-WAY AND EASEMENTS.

Said motion CARRIED by the following roll call vote:

AYES: Mayor Espinoza, Mayor Pro Tem Shaw, Councilmember Beamish,
Councilmember Blazey, Councilmember Gomez

NOES: NONE

ABSTAIN: NONE

ABSENT: NONE

V. PUBLIC HEARINGS: None at this time.

VI. CONSIDERATION ITEMS:

1. Consider an application request the Local Agency Formation Commission of Orange County take proceedings pursuant to the Cortese-Knox-Hertzberg Local Reorganization Act of 2000 for the City of La Habra to annex County islands designated as the Macy/Randall Island, Citrus/Idaho Island, Citrus/Entrada Island, Cypress/Terry Island, Hensel/Magda Island and Palm/Shadycrest Island consisting of approximately 130.7 acres of property and a property tax exchange agreement and annexation, dissolution of County Service area and transfer of drainage facilities between the City of La Habra and the County of Orange.

Assistant to the City Manager Ferrier presented the staff report. He reported that this item was brought about with the transfer of retail water service from California Domestic Water Company (CDWC) to the City through the La Habra Utility Authority for approximately 400 customers in 2013. He clarified that action improved water pressure in that area for better service and public safety. He noted that this action triggered the need to secure separate approval from the Orange County Local Agency Formation Commission (LAFCO) in order for the City to provide "out of area" service to customers who lived in County islands. He stated that LAFCO informed the City that that in order for the Authority to provide water service to those customers, annexation of the affected County islands would be required and as a condition of approval, they would require the City to annex all remaining islands within the City's Sphere of Influence, not just the islands affected. He stated that LAFCO conducted a community workshop with the residents of the County Islands at the La Habra Community Center in January 2017. He stated that approximately 250 people attended the meeting. He described those questions and answers that were discussed at that meeting and identified in the written staff report. He noted that for transfer of the County islands the City would receive approximately \$44,981 per year in new property tax revenue and from the County a one-time payment of \$3,101,565 to be used for public improvements. He clarified that since the City contracts with the Los Angeles County Fire Department for fire services, the City would receive 100 percent of the Structural Fire Fund for

the annexed areas for all future years from the County. He added that the City will receive approximately \$200,000 from the Area #20 fund that was originally established by the County to provide sewer maintenance services in unincorporated area islands, which will be dissolved and the homeowners within the district will no longer be assessed. He stated the total estimated cost for public improvements that may be required is approximately \$7.3 million and the resources available through the agreement with the County to pay for the improvements is approximately \$4.3 million. He noted that not all of the capital improvements identified may be constructed. He reported that Attachments 13, 14, and 15 have been submitted at the dais since they were missing in the agenda packet. He clarified that they were attachments to the two resolutions and the agreement between the County of Orange and the City of La Habra.

Mark Lopez, Deputy Chief of Staff for Supervisor Shawn Nelson, representing the 4th District, expressed appreciation to the City for considering the annexation of the remaining six unincorporated county islands, which is a priority for the County of Orange Board of Directors. He stated that since the year 2000, the County of Orange has successfully worked with LAFCO and cities to complete 50 annexations.

Frank Kim, Orange County Chief Executive Officer, stated he is in support of the proposed annexation. He confirmed that since the year 2000 the County of Orange Board of Directors has advocated that County staff work with LAFCO and cities to encourage annexation of county islands. He stated that the County has always been challenged to provide necessary services to county island residents due to the proximity of the residents to the County offices. He confirmed that the County would not consider annexing only five out of the six islands. He spoke regarding the Master Property Tax Transfer agreement with the City and stated it was consistent with agreements held with other cities. He explained the calculations and principals for the payment to the City for the annexation process. He noted that the costs to the County per island are available on the LAFCO website. He spoke regarding the efficiencies of annexing islands.

Caroline Emery, Executive Officer with the Orange County Local Area Formation Commission (LAFCO), thanked City staff for their efforts in this process. She stated that LAFCO is supportive of the annexation of the six islands. She noted that since the year 2000, when the legislation was put into place, LAFCO has been proactive in annexing over 50 islands to ensure that Orange County island residents receive more efficient services. She noted that most residents of neighboring cities county islands are supportive of being annexed. She stated that the City approached LAFCO years ago for an out of area agreement regarding five of the six islands to provide water services, but the law requires that approval of the agreement must be in anticipation of annexation with a date that it will occur. She stated that both LAFCO and the State Board of Equalization are waiving all of the normal annexation fees required for the City. She asked City Council to support moving forward with the annexation.

Mayor Espinoza invited the public to testify at 7:42 p.m.

The following spoke in opposition to the proposed annexation of the six county islands:

Bob Hatcher, Macy/Randall Island, stated that Macy/Randall Island is the only county island that receives water from Suburban Water Company and that Title 19 is regarding the environmental section of the law and does not relate to providing water services. He stated that the annexation would cause an increase in sales tax, trash rates, utility bills, taxes, business license fees, and

an addition of overnight parking permit fees for the island residents. He added that Macy/Randall Island was notified of the proposed annexation only two weeks prior.

Martha Leonard, 9312 Gordon Avenue, expressed concerns regarding potential change in addresses; overnight parking costs, sewer tie-in costs, property taxes, and the negative impact of the proposed annexation.

Scott Wilson, Wallace Avenue, Island No. 1, expressed concern regarding the resident's lack of choice regarding the proposed annexation; sewer system choice; construction of sidewalks, change of addresses; and the additional costs to change driver's licenses, passports, and wills/trusts. He asked City Council to redraft the annexation documents to represent what occurred at the community meeting, and to include information that would grandfather in items of concern to the residents. He requested that City Council reconsider the proposed annexation or allow the county island residents to vote.

Peter Stuyvesant Douglas Knickerbocker, 1322 Macy Street, Macy/Randall Island, expressed his satisfaction with the services received from the County of Orange; and inquired regarding individual and net costs to residents if the six islands are annexed.

Nick Patapoff, 10032 Vecino Lane, Citrus/Idaho Island, expressed concerns regarding address changes; expressed concerns regarding receiving all services for sewer connections, sidewalks, curbs, and gutters for private street residents. He noted that the staff report was not thorough enough to make a decision that affects so many people.

Kristine Demille, 11011 Magda Lane, spoke regarding California Domestic Water Company (CDWC) shares and circumstances when the shares can be sold; confirmed that City Attorney Jones did not have a conflict of interest as a member of the CDWC Board; residents on private roads being charged for street sweeping and tree trimming, but not receiving the services; and the cost to connect to the City sewer system. She noted that she believes that the City is benefitting from the annexation of the six county islands.

Laura Taylor, 9442 Mikinda Avenue, Macy/Randall Island, expressed her satisfaction with the services received from the County of Orange and from emergency services. She expressed concerns regarding the cost for an annual parking permit due to owning a van equipped to transport a handicapped member of her family, and the costs related to an address change.

Mark Tekunoff, 9222 Russell Street, expressed his satisfaction with living in a County island and the value of living in a rural area within a city. He noted that the County services were sufficient and doubted he would receive better quality of services from the City. He stated that he did not see a benefit for the City for the small amount of property tax the City would receive from the proposed annexation. He inquired if City Attorney Jones will recuse himself from voting due to a personal interest in the item.

Richard Thompson, 9082 Sharon Way, Macy/Randall Island, expressed his confusion over the water discussion and inquired if having another water agency servicing La Habra residents has caused a fire flow issue, or if the water agency does not want to do business any longer with residents. He stated that the proposed annexation had no benefit for him as a Macy/Randall Island resident. He noted that more public outreach should have been done.

Maureen Beckman, 11812 Shady Crest Lane, Palm/Shady Crest Island, commended the County of Orange regarding their services; and inquired regarding the cost to connect to City sewer when her septic tank fails.

David Bleistein, 11142 Canasta Drive, Hansel/Magda Island, inquired regarding the possible loss of a large parking cutout in front of his residence which was located on a private road. He asked whether he would be able to still utilize that area as free overnight parking after the proposed annexation. He expressed concern about possibly having to connect to the City's sewer system.

Robert Salido, 1184 North Idaho Street, inquired regarding Community Preservation services and citations; permits and property tax increases; easement for potential sidewalk on his property; CDWC stock certificate ownership; and high school options for children.

Richard Aldrich, 1002 Turndell Road, expressed that the private street was his personal property. He expressed his concerns regarding parking on the private street and the fire department requirements.

Vick Anegas, Macy/Randall Island, spoke in opposition to address changes and compared the emergency services response times from the City of Stanton versus the City of La Habra. He requested that City Council not change addresses.

James Atkinson, Citrus/Entrada Island, inquired regarding the water meter location and reading, private driveways, overnight parking, and emergency services requirements. City Manager Sadro referred him to Public Works Director Saykali.

Judy Madrano, Macy/Randall Island, expressed that it appeared the decision to annex the six islands had already been decided by the City. She asked City Council to view the home owners as individuals and not as addresses on a map.

George Tibbetts, 1363 North Citrus Drive, Citrus/Idaho Island, spoke in opposition to address changes. He noted that he had not had an issue with emergency services locating his address.

Noran Teran, 1182 Turndell Road, stated she lived on a private road and noted that changing her address would cost her as a business owner and a homeowner/individual. She spoke regarding the sewer issue and storm water runoff on her property from La Habra Heights. She scolded all involved for considering annexation of the six county islands.

Kaitlyn Gillespie, Macy/Randall Island, spoke regarding estimates of personal costs to residents with annexation. She expressed the hardship of the costs of annexation to those with limited incomes.

La Habra resident stated that he appreciated the careful analysis the City and County of Orange did regarding the advantages and disadvantages to both City and residents for annexation of the six islands. He requested that City staff provide island residents with more information comparing costs of Orange County fees versus City of La Habra fees with the proposed annexation.

Christie Squires, 1281 Walker Lane, Hensel/Magda Island, expressed her opposition to the item stating that she moved out of the City of La Habra and into the County because of poor police services, storm water flooding issues, and lack of neighborhood improvements. She stated that she had a septic tank, which she prefers. She opposed address changes and any costs to island residents due to the proposed annexation.

John Foreman, Sharpless Street, Macy/Randall Island, identified that his property had a septic tank and should not be subject to sewer costs. He explained his history with the Orange County Sanitation District regarding sanitation costs.

Christina Tran, Macy/Randall Island, expressed her dissatisfaction with the notification of the proposed annexation and asked for an effective date if approved. She expressed her need to have her costs be identified as it relates to the annexation. She expressed her opposition to overnight parking costs.

Jerry Allard, 9281 Randall Avenue, Macy/Randall Island, stated that the vote at the community meeting held was 248 against and 2 for annexation of the six islands. He noted that the residents of Macy/Randall Island do not gain any benefits from annexation.

Bob Hatcher, Macy/Randall Island, expressed that City staff and County of Orange staff did not perform due diligence regarding the costs of annexation to the residents of the six county islands. He recommended that City Council continue this item and do the necessary work. He noted that the sewer costs did not take into account future costs.

The following expressed neutrality regarding the proposed annexation of the six county islands:

Ron Woodward, Palm/Shady Crest area, received confirmation of the following: sewer cost would decrease; trash cost would increase quarterly by approximately \$20, but would include street sweeping and tree trimming; and property tax is reassessed when property improvements are completed by the property owner.

Brian Jarvis, 9132 Sharon Way, Macy/Randall Island, inquired regarding the date the annexation might occur and confirmation that an open residential permit with the County of Orange would be completed with the County.

Greg Brewer, 11042 Canasta Drive, spoke regarding maintenance responsibility of private roads.

The following spoke in support of the proposed annexation of the six county islands:

Jimmy Andreoli, 1009 North Cypress Street, Cypress/Terry Island, stated that he was not opposed to the annexation, but noted that the staff report was not reflective of what the residents have heard. He commented that the residents were depending on the facts and statements that City Council and the staff are reporting and confirmed that they would abide by the statements. He asked that the Council consider grandfathering in properties that may not be up to City Code as part of the annexation documents. He thanked the La Habra Police Department and the Los Angeles County Fire Department for their services. He noted that he would prefer the addresses not be changed and asked that emergency services personnel be trained on the addresses in the island areas.

Steve Thacker, 1230 North Cypress Street, Hensel/Magda Island, spoke in support of changing the addresses of the properties in the six county islands.

There being no further testimony, Mayor Espinoza closed the public testimony at 8:47 p.m.

Council questions and discussion included: confirmation the proposed annexation resulted from California Domestic Water Company's decision to transfer their retail water service clients in La Habra to the City for five of the six islands due to their need to become strictly a wholesale water provider; the City received approval to annex the six county islands from Local Agency Formation Commission of Los Angeles prior to applying to the Local Agency Formation Commission (LAFCO) of Orange County; verification that LAFCO of Orange County is requiring the City to annex all six remaining county islands at the same time; fire flow issues; identified that five of the six islands have water service through California Domestic Water Company; the Macy/Randall island area receives water from Suburban Water Company (Suburban); identified there would be additional costs to build an efficient water delivery system around the six county islands if they are not annexed; review the value and ownership of California Domestic Water shares; confirmed that the City of La Habra does not have a utility tax; response times of the City's Community Preservation division versus the County of Orange; costs of city services versus costs of county services; clarification that island resident's trash bill would increase if annexed from approximately \$16.60 to \$21.82 which includes street sweeping and tree trimming; confirmation that the current island residents may participate in the City's FireMed program; identified that in 1980 the City entered into a Master Property Tax Transfer agreement with the County of Orange that established property tax rates for annexed islands; distribution of property tax funds; County is to resolve all Code Enforcement cases within the County island prior to annexation; clarified that funding for sewer improvements would not be provided by the County but would be at the discretion of the City when needed; connection to the City's sewer system is required if the floor area of an existing dwelling unit is increased by more than 50 percent or if a septic system fails and both must be located within 200 feet of the City's sewer line; sewer line installation on private roads is by consensus of the residents; confirmation there are no mandates or timelines that require the City to install sewer lines; potential for waiving the 200 foot requirement for connection to the City sewer system on a case by case basis; clarified that residents who are more than 200 feet from an existing sewer line would be allowed to replace their septic system should there be a need; reviewed the costs for public improvements versus the potential resources available to address current and future needs; confirmation that the City would pay to construct sidewalks for island areas where the majority of residents are in favor; the potential to "grandfather in" residents from the islands regarding requirements involving public improvements such as sewer connections, sidewalks, and street lights; confirmed that there are ordinance requirements for public improvements (curbs, gutters, and sidewalks) as properties are improved; identified that there are approved rural areas that are exempt from these public improvements upon written request to the City Council; the history and effects of the address changes on emergency services; confirmation that 108 annexations have previously been completed by the City and all addresses were changed as part of that process; confirmed there is a Municipal Code regarding address changes and annexation, however it is at Council's discretion; clarification that overnight parking fee exemption for special needs vehicles are considered on a case-by-case basis; reviewed proposed annexation completion process and timeline and identified there is no deadline; recognition of the advantages of the proposed annexation for the City and County; Council acknowledged the concerns of those who spoke; and direct staff to provide a report on itemized costs to island

residents regarding the proposed annexation, to compare City fees versus County fees, and to establish a web page to provide information to residents regarding annexation concerns.

Community and Economic Development Deputy Director Jaramillo responded to Council's questions during the discussion. He explained the process of changing addresses. He noted that the City would notify the United States Post Office, all of the utility companies, California Department of Transportation, other government agencies, and each resident of the address changes. He confirmed that the City would provide a letter regarding address changes to residents who needed them. He spoke regarding code enforcement concerns and parking on private property. He explained that parking on private property would have to comply with certain City and County standards individually, and staff would work with them through the process.

City Attorney Jones confirmed that he is a member on the CDWC Board of Directors, and confirmed that CDWC is not involved with nor has any stake in the proposed annexation of the six county islands. He explained that CDWC, independent from this item, met with shareholders regarding transfer of water shares. He noted that this agenda item is a reaction to the transfer of water shares and LAFCO requiring the City of La Habra to annex the six islands. He clarified that he does not vote on City Council items and that this is a decision between the City of La Habra and the County of Orange.

Councilmember Gomez expressed his opposition to approving the annexation.

Councilmember Blazey impressed upon the audience the importance of having their comments recorded for public record and to come up to the podium to speak if Mayor Espinoza chooses to allow further public comment. He asked the audience to follow City Council protocol regarding when to voice their comments and suggested that they ask any further questions through the web page that will be designed for their use.

Moved by Councilmember Beamish, seconded by Councilmember Blazey, and CARRIED (4-1) TO CONTINUE THE ITEM TO A DATE UNCERTAIN; AND INSTRUCTED STAFF TO PROVIDE A REPORT ON ITEMIZED COSTS TO ISLAND RESIDENTS REGARDING THE PROPOSED ANNEXATION WHICH INCLUDES A WEB PAGE TO PROVIDE INFORMATION TO RESIDENTS REGARDING ANNEXATION CONCERNS.

Said motion CARRIED by the following roll call vote:

AYES: Mayor Espinoza, Councilmember Beamish, Councilmember Blazey,
Councilmember Gomez
NOES: Mayor Pro Tem Shaw
ABSTAIN: NONE
ABSENT: NONE

VII. MAYOR'S COMMUNITY CALENDAR:

Mayor Espinoza made the following announcements:

- Be a part of history and order a personalized tile paver at the new La Habra City Hall and celebrate your family, honor a loved one, or highlight your business or organization.

