

MINUTES OF THE REGULAR MEETING
OF THE LA PALMA COMMUNITY DEVELOPMENT COMMISSION

June 7, 2011

CALL TO ORDER: Chairperson Rodriguez called the Regular Meeting of the La Palma Community Development Commission to order at 8:19 p.m. in the Council Chambers of La Palma City Hall, 7822 Walker Street, La Palma, California.

PLEDGE OF ALLEGIANCE: Commission Member Hwangbo

INVOCATION: Pastor Jim Riggan, La Palma Christian Center

ROLL CALL: Commission Members

Commission Members present: Vice Chairperson Charoen, Commission Member Hwangbo, Chairperson Rodriguez, Commission Member Shanahan, and Commission Member Waldman

Commission Members absent: None

City Officials present: Dominic Lazzaretto, Executive Director
Joel Kuperberg, City Attorney
Michael Belknap, Recreation & Community Services Director
Douglas Dumhart, Community Development Director
Jeff Moneda, Public Works Director/City Engineer
Keith Neves, Finance Director
Eric Nuñez, Police Chief
Laurie Murray, Administrative Services Manager/City Clerk
Kimberly Kenney, Minutes Clerk

CONSENT CALENDAR

A. Approval of Community Development Commission Minutes

Minutes of the April 19, 2011, May 3, 2011, and May 17, 2011 Regular Meetings of the La Palma Community Development Commission.

B. Approval of Register of Demands

Resolution No. CDC 2011-15 approving the Register of Demands for June 7, 2011.

Commission Member Waldman made a motion to approve Consent Calendar Items A and B.

The motion was seconded by Vice Chairperson Charoen and carried on the following vote:

AYES: Vice Chairperson Charoen, Commission Member Hwangbo, Chairperson Rodriguez, Commission Member Shanahan, and Commission Member Waldman

NOES: None

ITEMS PULLED FROM CONSENT CALENDAR

C. Agreement for the Demolition of 4611 La Palma Avenue with Quality Environmental Inc. and Final Appropriation of Funds from Low and Moderate Income for the Denni Street Phase II Project

Chairperson Rodriguez requested to have this item pulled from the Consent Calendar on behalf of a member of the public to clarify the bidding process and what funds will be used for the project.

- a) Approve agreement for demolition with Quality Environmental Inc. in the amount of \$28,600; and
- b) Approve a Supplemental Appropriation from the Low and Moderate Income Housing Fund of \$42,000 to complete the CDC's obligations for the project.

Commission Member Waldman made a motion to approve the Agreement for demolition with Quality Environmental in the amount of \$28,600; and approve a supplemental appropriation from the Low and Moderate Income Housing Fund of \$42,000 to complete the CDC's obligations for the project.

The motion was seconded by Commission Member Shanahan and carried on the following vote:

AYES: Vice Chairperson Charoen, Commission Member Hwangbo, Chairperson Rodriguez, Commission Member Shanahan, and Commission Member Waldman

NOES: None

RECONVENE THE CITY COUNCIL FOR A JOINT MEETING WITH THE COMMUNITY DEVELOPMENT COMMISSION AT 8:36 P.M.

REGULAR ITEMS

D. Open Discussion of the Proposed Fiscal Year 2011-12 Budget

City Manager/Executive Director Lazzaretto gave a brief Staff Report.

Council/Commission Questions and Comments:

Discussion ensued regarding the City Council/Community Development Commission's support for a balanced budget; continuing to provide strong service levels; that the economic recovery of La Palma will be slow; that La Palma is built out; that sales tax fluctuates from budget year to budget year; that the current budget reflects not filling two positions; uncertainty regarding forecasts that indicate an increase in sales tax; current sales tax projections for FY 2011-12 being approximately \$3 million; and that staff uses the County's property tax information for forecasting.

Public Comment:

Gerard Goedhart, 4922 Berton Circle, addressed the City Council regarding actual sales tax revenues versus the projected sales tax revenues; how the City projects sales tax revenue; and how the City can project a 10% increase in sales tax.

Finance Director Neves explained that sales tax is estimated by actual receipts from the State Board of Equalization (SBOE) and that the SBOE reduced the sales tax payment in the current fiscal year due to an over allocation in the previous year.

Discussion ensued regarding sales tax categories; that the Orange County Transportation Authority (OCTA) projects Measure M revenue; that Measure M gets funded by a small portion of sales tax; and that the downturn of the economy affects Measure M funding.

Mr. Goedhart asked when the Water Rate Increase took place.

Finance Director Neves responded that the increase was approved in June 2010, and it was passed onto customers in the bills that were sent in October 2010. He added that adopting the tiered system has caused residents to be more conservative in their water usage; that the budgeted number for last year's water funds was low and that this year's budgeted number is more appropriate.

Mr. Goedhart asked about the Recreation and Community Services Department's budgeted amount for employees; the revenue for day camp being less than the budgeted amount; and why the City subsidizes the Day Camp.

Recreation and Community Services Director Belknap responded that the Day Camp program has seen a decline in enrollment due to the economic down turn and that Staff proposed an increase in the fees.

Discussion ensued regarding the City Council not wanting to increase fees to the community; that the City Council did not increase the Utility Users Tax because of the state of the economy; that the City Council understands that the Recreation and Community Services Department's programs are never at full cost recovery; that the City Council looks at the Recreation and Community Services Department as an investment in the community; that the City Council recognizes that cuts may need to be made in the future if the economy does not recover; and that the Recreation and Community Services Department programs are important to the City Council and community.

Robert Carruth, 7201 Monterey Lane, asked if Management is assuming that all other bargaining groups will be agreeing to the same benefits and cost sharing that the Management Team did and if those numbers are reflected in the proposed budget.

City Manager/Executive Director Lazzaretto responded that the proposed budget does not have the final Memorandums of Understanding reflected; however, the adopted budget will include any bargaining unit concessions.

Mr. Carruth addressed the City Council regarding his opposition to the lack of labor negotiation information and assumptions in the proposed budget.

Mayor/Chairperson Rodriguez reminded the public that the City Council is unable to speak about current labor negotiation matters.

Mr. Carruth noted his opposition to employee cost sharing not being reflected in the proposed budget and asked how the City manages its employee to manager ratios.

City Manager/Executive Director Lazaretto responded that the ideal is 7 to 8

employees per supervisor but that each department has a number of functions that have to be provided and that to provide the best delivery of services the ratios do not always meet those ideals.

Further discussion ensued regarding the level of service the City provides to the community and external agencies; that if the City does not have the staff level to provide the needed service, the City contracts that responsibility out; that City Management determines the services its staff will provide; that all allocations and liabilities be included in the proposed budget; that the City has an Other Post Employment Benefits (OPEB) liability of \$3.5 million; and that compensated absence accruals is another liability.

Mr. Carruth asked what the contingency plan is or what priority cuts will be made if the revenues come in 3% lower than estimated.

Mayor/Chairperson Rodriguez responded that Staff was given City Council direction to prepare a contingency plan after this budget is approved and that there will be a public discussion at a future City Council meeting regarding the matter.

Further discussion ensued regarding a future contingency plan; that the City Council supports the use of projections in the budget process because income and expenditures fluctuate; that the City Council requested to have a two-year rolling projection of the revenue streams; that the public would like to have supportive information on each line item in the budget; and that City Staff is available to the public to answer questions regarding the budget.

Cheryl Pappas, 5272 Duke Drive, addressed the City Council by asking what the amount of the City's reserves.

Finance Director Neves responded that the General Fund Reserve will be around \$9.6 million; that two years ago the City had approximately \$19 million in the General Fund Reserve, but has transferred \$2 million for Residential and Arterial Pavement Management, will transfer \$3 million this year for the same project; that the City paid off a California Public Employees' Retirement System (CalPERS) side fund of \$3.8 million; and that funds are set aside for Capital Improvement projects that would benefit the community.

Jeff McCombs, 7212 Monterey Lane, addressed the City Council regarding the number of supervisors in the Police Department and whether the City Council has ever considered contracting for Police Services.

Discussion ensued regarding the City Council supporting local control of its own Police Department; that a prior City Council had looked at contracting for Police Services; and that the Community has voiced its support for the Police Department's quick response time.

Mr. McCombs asked if the City has reviewed what the marginal alternate costs would be from contracting with the Orange County Sheriff's Department.

Further discussion ensued regarding the public's support for having its own Police Department; that there was a study done previously that indicated response times would potentially double; a request to have a cost analysis provided; that the City Council opposes seeking a cost analysis during this budget cycle.

Mr. McCombs stated his support for a defined contribution plan for employees.

Mr. Goedhart addressed the City Council regarding his opposition to the deficit and that the proposed budget does not address the deficit. He asked why legal service expenditures are projected to decrease.

City Manager/Executive Director Lazzaretto responded that legal services are expected to be lower because the City anticipates entering into three year agreements with the various labor groups.

Further discussion ensued regarding maintenance items being deferred until monies were properly identified to fund projects; that the City Council's goal was to not operate on a deficit this fiscal year; and that the current year deficit is due to the City Council lowering the Utility Users Tax (UUT) by 1%, which equals approximately \$240,000.

Mr. Goedhart asked if the City plans to actually receive the projected \$1 million in UUT revenues.

Finance Director Neves responded affirmatively.

Mr. Carruth asked if the projected personnel services projections showing a 4.2% savings is due to the two vacant positions and if the proposed budget incorporates no cost of living adjustments.

Staff responded that the two positions were previously at the top step; that the proposed budget reflects no COLA's, but still allows for merit increases; that the proposed budget also reflects future available positions; that labor costs and health care costs are increasing; that the City saved almost \$1 million dollars in interest by making a large lump sum CalPERS payment; that staff's revenue projections are too high and that if they are reduced, expenditures need to be reduced as well; and that the City Council directed Staff to present a balanced budget.

The City Council provided direction to staff asking them to be prepared to discuss the revenue projections in detail at the June 21, 2011, City Council meeting and to provide recommended cuts to expenditures if the revenues are reduced.

Mr. Goedhart asked why the City is planning to cut vehicle replacement and computer replacement funds.

Mayor Rodriguez responded that computer life expectancy has been increased based on actual experience. City Manager Lazaretto responded that the same has been found with vehicles and that some vehicles have been taken off the rotation schedule without impacting service levels; that Staff is watching vehicle maintenance levels as well; and that Staff supports extending computer and vehicle rotation schedules.

ADJOURNMENT

Chairperson Rodriguez adjourned the Regular Meeting of the La Palma Community Development Commission at 10:10 p.m.

Ralph D. Rodriguez
Chairperson

Attest:

Laurie A. Murray, CMC
Secretary