

MINUTES OF THE SPECIAL MEETING
OF THE LA PALMA CITY COUNCIL

January 23, 2012

CALL TO ORDER: Mayor Charoen called the Special Meeting of the La Palma City Council to order at 6:31 p.m. on Monday, January 23, 2012, in the Sago Palm Room at the La Palma Community Center, 7821 Walker Street, La Palma, California, with all members present.

PLEDGE OF ALLEGIANCE: Mayor Charoen

ROLL CALL: Council and Commission Members

Council/Commission Members present: Mayor/Chairperson Charoen, Mayor Pro Tem/Vice Chairperson Hwangbo, Council/Commission Member Shanahan, Council/Commission Member Waldman, and Council/Commission Member Rodriguez

Council/Commission Members absent: None

City Officials present: Dominic Lazzaretto, City Manager/Executive Director
Michael Belknap, Recreation & Community Services Director
Douglas Dumhart, Community Development Director
Jeff Moneda, Public Works Director/City Engineer
Eric Nuñez, Police Chief
Laurie Murray, Administrative Services Manager/City Clerk

ORAL COMMUNICATIONS

No one wished to speak.

RECESS THE CITY COUNCIL AND CONVENE AS THE COMMUNITY DEVELOPMENT COMMISSION AT 6:32 P.M.

REGULAR ITEM

A. **Adoption of an Amended Enforceable Obligations Payment Schedule (EOPS) and Any Other Actions Required by AB1x26**

City Manager Lazzaretto gave a brief introduction of the item and Community Development Director Dumhart gave a brief report.

Discussion ensued regarding available California Redevelopment Association (CRA) resources to assist cities in complying with AB1x26.

Commission Member Shanahan made a motion to adopt a Resolution approving an amended Enforceable Obligation Payment Schedule (EOPS).

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

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

ADJOURN THE COMMUNITY DEVELOPMENT COMMISSION, AND RECONVENE AS THE CITY COUNCIL AT 6:35 P.M.

1. **Study Session: Contingency Plan**

City Manager Lazzaretto reviewed the City's historical and projected Revenues and Expenditures and Unreserved Fund Balance and demonstrated how those projections could be affected by various events and or actions.

Discussion ensued regarding the effect that the elimination of Redevelopment would have on the City's budget and that any increase to the Transient Occupancy Tax (TOT) would require a vote by the residents of La Palma.

City Manager Lazzaretto reviewed the initial goals that the City Council had laid out for a Contingency Plan. Those were expecting up to a 20% loss in General Fund revenues; ensuring services are provided in the most cost effective and efficient manner; prioritizing services throughout the organization rather than making "across the board" cuts; identifying minimally acceptable levels of services; looking for alternative funding sources; maintaining all essential services; maintaining self-funding programs; ensuring that risk exposure and

potential liability to the City is considered when proposing cuts; and maintaining a balance between effectiveness and efficiency.

City Manager Lazzaretto explained that—assuming that the City saw a 20% cut in revenues—the anticipated deficit would be approximately \$1.8 million. The City could recognize savings immediately through general program tightening in the amount of \$243,900 by suspending employee merit increases, eliminating employee programs, eliminating optional employee training, eliminating the use of outside recruiters, reducing the level of service being provided by the City's Information Technology provider, and various other miscellaneous cuts. Expenses could be further reduced by a variety of department program tightening in the amount of \$406,921. The deficit could also be decreased by another \$504,740 by raising various fees, increasing the TOT, and returning the Utility Users Tax (UUT) back to the full 5% allowed. These cuts to expenditures and revenue increases would still leave the City with a deficit and further cuts would need to be made to services.

He explained that management staff had reviewed all City expenses categorizing them as mandated expenses—those expenses required by law; core services—those services that staff believe are vital to City operations and services; and enhanced services—those programs and services that are enhanced services and could be cut if necessary.

Discussion ensued regarding the current plan being based on Fiscal Year 2011-12 budget numbers; cutting City Council compensation and travel expenses first, that the employee concessions recognized during the current fiscal year would increase in the next two years; that the creation of a Recreation District at an estimated cost of \$6.47 per household per month could be taken to the voters and, if approved, along with all of the other cuts and revenue increases could save the recreation programs that would have to be cut in the deficit model; that the cost savings model did not factor in contributions to the Capital Improvement Plan (CIP) or contributing towards the Other Post Employment Benefits (OPEB) unfunded liabilities as the model is a worst case scenario; how staff rated expenditures; that this session is the first of many community meetings; that the City Council wants to hear from the public; reviewing attendance trends of City programs; looking for locally redundant programs; favoring keeping year round programs versus one-time events; that many of the proposed actions would require negotiations with the City's labor groups; methods for engaging the public in the process; the Blue Ribbon Finance Committee that was formed prior to the UUT being passed and the makeup of that committee.

City Manager Lazzaretto reinforced that the City is not facing any specific dilemma at this time; that this is a contingency plan in case something bad happens; that there is no immediate need at this time, however, the City has been notified that a large sales tax provider is for sale. Once sold, if they were to

relocate the City would have a year to enact the measures called for in the Contingency Plan.

Further discussion ensued regarding steps that other cities have taken--finance committees, community meetings, and encouraging civic involvement through their websites; posting a presentation on "YouTube;" that the City could eliminate 5 to 10% through the normal budgeting process fairly quickly but that it needs to be prepared to react to a 20% loss in revenue; educating the public before asking them what they would cut; gathering public opinion; placing the information presented at the meeting on the City's website; not creating a "Blue Ribbon" committee at this time; sending an open letter to all residents inviting them to another public workshop with an abbreviated presentation; highlighting approximately ten categories for the public to discuss; advertising future workshops in the water bills, the *Mosaic*, and *The Source*; not expending funds for a direct mailer; and posting the summary on the City's website and providing readers the option of acquiring the more in-depth data.

Council Member Rodriguez left the meeting at 8:02 p.m.

Further discussion ensued regarding combining programs into categories and what those categories might be.

Council Member Rodriguez returned to the meeting at 8:05 p.m.

A member of the public asked what the specific urgency was and City Manager Lazzaretto reiterated that there is not a current crisis; that a major sales tax provider has informed the City that they are for sale; that the contingency plan is just that, a plan in case a problem develops.

Further discussion ensued regarding developing a one to two page summary defining the problem; reviewing the spreadsheets; planning a public meeting for March; building a webpage; and identifying areas where savings could be realized by contracting out the services.

By consensus, the City Council directed staff to cut Council costs first; identify usage trends; identify locally redundant programs; favor year-round programs over one-day events; investigate the new Civic Plus community engagement tool; send a one to two page open letter to residents inviting them to another Town Hall meeting; categorize the list into about ten workable groups (e.g. One-day events; Ages; Public Safety; Aesthetics); add the spreadsheet from the presentation to the Website; and to create a Newsblast and webpage on subject.

ADJOURNMENT

Mayor Charoen adjourned the Regular Meeting of the La Palma City Council at 8:15 p.m.

G. Henry Charoen
Mayor

Attest:

Laurie A. Murray, CMC
City Clerk