

MINUTES OF THE SPECIAL MEETING
OF THE LA PALMA CITY COUNCIL
STUDY SESSION

January 28, 2013

Mayor Hwangbo called the Special Meeting of the La Palma City Council to order at 7:00 p.m. on Monday, January 28, 2013, in the Royal Palm Room, La Palma Community Center, at 7821 Walker Street, La Palma, California with all members present.

PLEDGE OF ALLEGIANCE: Mayor Hwangbo

ROLL CALL: Council and Commission Members

Council/Commission Members present: Council Member Charoen, Council Member Goedhart, Mayor Hwangbo, Council Member Kim, and Mayor Pro Tem Shanahan

Council/Commission Members absent: None

City Officials present: Ellen Volmert, City Manager
Michael Belknap, Recreation and Community Services Director
Douglas Dumhart, Community Development Director
Jeff Moneda, Public Works Director
Eric Nuñez, Police Chief
Michael Solorza, Finance Director
Laurie Murray, Administrative Services Manager/City Clerk

ORAL COMMUNICATIONS

1. Larry Herman, 5122 Andrew Drive, addressed the City Council to announce the American Cancer Society Daffodil Days promotion.

REGULAR ITEM

1. Study Session: Fiscal Year 2013-14 General Fund Budget Planning

City Manager Volmert gave a brief introduction of the item and Finance Director Solorza gave a brief report.

Administrative Service Manager Murray described the proposed cuts to the Administration Department budgets, which include City Council, Legal, City Manager, City Clerk, and Community Promotions.

Keith Nelson, 5311 La Luna, addressed the City Council asking that staff discuss what their thought process was in determining proposed cuts.

City Manager Volmert replied relative to criteria considered including whether services were mandatory and at what level, if services could be provided by others, whether reductions were sustainable over time, the amount of savings, looking at who and how many people would be impacted, whether services are connected to City Council goals or core City responsibilities, and whether the services can be self sufficient.

Finance Director Solorza described the proposed cuts to the Finance Department budget.

Recreation and Community Services Director Belknap described the proposed cuts to the Recreation Department budgets.

Community Development Dumhart described the proposed cuts to the Community Development Department budgets.

Public Works Director/City Engineer Moneda described the proposed cuts to the Public Works Department budgets.

Police Chief Nunez described the proposed cuts to the Police Department budgets.

Public Comment:

1. Tom Truscott, 5202 Andrew Drive, addressed the City Council asking what the net change would be to the budget and what is projected for June 30, 2015.
2. Robert Carruth, 7201 Monterey Lane, addressed the City Council regarding accrued leave balances, California Public Employees Retirement System (CalPERS) obligations, Other Post Retirement Employee Benefits (OPEB) liabilities, long term capital improvements,

pension reform, and in opposition to return on investment of proposed energy infrastructure improvements.

Discussion ensued regarding proposed cuts, including La Palma Days, Crossing Guards, Volunteers in Policing (VIP) program, K9 program, tree trimming, and elimination of vine care; proposed infrastructure improvements that could offer long term cost savings, including purchasing streetlights, proposed new revenues, including use of AB 939 funds and charging residents the 45 cents per month for special waste pick up services, and bus shelters; contracting services, including Dispatch services, and reducing the overall size of the organization; through attrition.

The Mayor called for a short recess at 8:48 p.m.

The City Council reconvened at 8:56 p.m. with all members present.

Discussion continued regarding the proposed cuts, one-time purchases, and reserves.

The Mayor called for a short recess at 10:01 p.m.

The City Council reconvened at 10:05 p.m. with all members present.

The City Council provided direction to staff as follows:

1. Revenue Questions

- a) Should staff continue to assume a Utility Users Tax (UUT) rate of 5% for FY 2013-14 revenue projections and budget development?

The question was answered by a 4-1 vote, with Council Member Charoen voting no; thereby directing staff to continue to assume a Utility Users Tax (UUT) rate of 5% for FY 2013-14 revenue projections and budget development.

- b) Should staff study revising the City municipal code and entering into a contract for placement of bus shelters/benches with an advertising company and expanding other advertising opportunities in City publications and websites?

The question was answered by a 3-2 vote, with Council Member Goedhart and Mayor Hwangbo voting no; thereby directing staff to

study revising the City municipal code and entering into a contract for placement of bus shelters/benches with an advertising company and expanding other advertising opportunities in City publications and websites.

- c) Should staff continue to explore food trucks and beer/wine gardens at Summer Concerts to make these events more self-supporting?

The question was answered by a 4-1 vote, with Mayor Hwangbo voting no; thereby directing staff to continue to explore food trucks and beer/wine gardens at Summer Concerts to make these events more self-supporting.

- d) Should staff work with the City's waste management contractor to pass along a \$0.45 per customer charge for special waste that is currently being funded utilizing AB939 set-a-side funds?

The question was answered by a 1-4 vote, with Mayor Pro Tem Shanahan voting yes; thereby directing staff to not work with the City's waste management contractor to pass along a \$0.45 per customer charge for special waste that is currently being funded utilizing AB939 set-a-side funds

- e) Should any/all of the additional property tax now returning to the City on an on-going basis from the dissolution of redevelopment be reserved for economic development or infrastructure purposes (vs. including as a general fund unrestricted revenue as currently shown)?

The question was answered by a 2-3 vote, with Council Member Kim and Mayor Pro Tem Shanahan voting yes; thereby directing staff to not allocate any/all of the additional property tax now returning to the City on an on-going basis from the dissolution of redevelopment for economic development or infrastructure purposes.

2. Reduction in Service Questions

- a) Should staff continue to include the FY2012-13 budget reductions and restorations as indicated on Attachment 1 as part of the assumptions utilized to build the FY 2013-14 budget?

By consensus, the City Council directed staff to continue to include the FY2012-13 budget reductions and restorations as indicated on Attachment 1 as part of the assumptions utilized to build the FY

2013-14 budget.

- b) Are there any reductions in services identified in the staff plan which the City Council wishes to take off the table for further consideration and development?

The City Council reviewed the reductions in services identified in the staff plan and voted on specific proposals as follows:

- 1) The City Council voted 4-1, with Council Member Charoen, voting no; thereby directing staff to remove the proposed moratorium on staff merit increases from the list of proposed reductions.
- 2) The City Council voted 3-2, with Council Members Charoen and Kim voting no; thereby directing staff to pursue infrastructure improvements that would provide long-term energy savings.
- 3) The City Council voted 3-2, with Mayor Hwangbo and Council Member Shanahan, voting no; thereby directing staff to conduct a Request for Proposal (RFP) process for City Attorney services.
- 4) The City Council voted 4-1, with Council Member Charoen voting no; thereby directing staff to include the elimination of a Minutes Clerk in the list of proposed reductions.
- 5) The City Council voted 2-3, with Council Member Charoen and Mayor Hwangbo voting yes, whether to cut the funding for Code Enforcement Officer uniforms; thereby directing staff to remove the proposed cut of funding for Code Enforcement Officer uniforms from the list of proposed reductions.
- 6) The City Council voted 4-1, with Council Member Charoen voting no; thereby directing staff to maintain service, but reduce Crossing Guard costs by investigating cost sharing opportunities with the school districts.
- 7) The City Council voted 4-1, with Mayor Hwangbo voting no; thereby directing staff to remove the proposed cut of funding for the Administrative Services Bureau programs from the list of proposed Police Department reductions.

- 8) The City Council voted 5-0; thereby directing staff to pursue options for contracting out Dispatch services.
- 9) The City Council voted 3-2, with Mayor Hwangbo and Mayor Pro Tem Shanahan voting no; thereby directing staff to remove the proposed cut of funding for maintenance of block wall vines and reduced tree trimming from the list of proposed reductions.
- 10) The City Council voted 4-1, with Council Member Goedhart voting no; thereby directing staff to find ways to conduct the Volunteer Recognition and La Palma Days events with less funding – but not to eliminate the events entirely.
- 11) The City Council voted 3-2, with Council Members Charoen and Shanahan voting no; thereby directing staff to include the reduction of Park Office hours in the list of proposed reductions.

3. Revised Operations Questions

- a) Does City Council want to refer proposals for contracting out and/or reductions in staffing to staff for further study and for input from the prospective employee organizations?
 - 1) The original question was deemed answered by the City Council's answers to Question 2 – Reductions in Service.
 - 2) The City Council by a vote of 4-1, with Mayor Pro Tem Shanahan voting no; directed staff to pursue additional reorganization proposals that include more cuts in staffing.

4. Use of Reserves Questions

- a) Is the use of reserves over the amount specified by policy off the table? And, b) Should staff continue seeking refined cost proposals for using reserves for one-time investments in energy capital projects at outline in Attachment 4?

By consensus, the City Council directed staff to continue to explore the use of reserves.

- b) Is it acceptable to use reserves for one-time expenses (part of COR contribution) to help bridge for one year (FY 2013-14) until labor negotiations and updated revenue projections are available?

The City Council by a vote of 3-2, with Council Member Charoen and Mayor Hwangbo voting no; thereby directing staff that it is acceptable to use reserves for one-time expenses to help bridge for one year (FY 2013-14) until labor negotiations and updated revenue projections are available.

- c) Is the use of internal service fund excess fund balance for FY 2013-14 operations an acceptable strategy?

The City Council, by a vote of 5-0, directed staff that the use of internal service fund excess fund balance for FY 2013-14 operations is not an acceptable strategy.

City Manager Volmert distributed a draft Financial Strategy Outreach/Engagement Plan to the City Council for their review with discussion to be scheduled at a later date.

Further discussion ensued regarding removing the proposed use of reserves to fund the City Council's 2013 goals and objectives as they relate to implementation of an economic development plan and for a statistically valid community survey.

ADJOURNMENT

Mayor Hwangbo adjourned the Special Meeting at 10:58 p.m.

Steve Hwangbo
Mayor

Attest:

Laurie A. Murray, CMC
City Clerk