

MINUTES OF THE REGULAR MEETING  
OF THE LA PALMA CITY COUNCIL

March 4, 2014

CALL TO ORDER: Mayor Shanahan called the Regular Meeting of the La Palma City Council to order at 7:01 p.m. in the Council Chambers of La Palma City Hall, 7822 Walker Street, La Palma, California.

PLEDGE OF ALLECIANCE AND  
AMERICA THE BEAUTIFUL:

Camp Fire – Long Beach Area Council Zitupi  
Waku and Bumble Bees Camp Fire Clubs

INVOCATION:

Council Member Hwangbo

ROLL CALL:

Council and Commission Members

Council/Commission  
Members present:

Council/Commission Member Charoen,  
Council/Commission Member Goedhart,  
Council/Commission Member Hwangbo  
Mayor Pro Tem/Vice Chairperson Kim, and  
Mayor/Chairperson Shanahan

Council/Commission  
Members absent:

None

City Officials present:

Ellen Volmert, City Manager/Executive Director  
Michelle Molko, Assistant City Attorney  
Michael Belknap, Community Services Director  
Douglas Dumhart, Community Development  
Director  
Laurie Murray, Administrative Services  
Manager  
Don Pryun, Interim Finance Director

PRESENTATIONS

None Scheduled.

ORAL COMMUNICATIONS

No members of the public wished to speak.

RECESS THE CITY COUNCIL AND CONVENE AS THE CITY OF LA PALMA AS SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION AT 7:06 P.M.

Administrative Services Manager/City Clerk Murray stated, "The City Council will now recess and convene as the Successor Agency to the Dissolved Community Development Commission of the City La Palma, and then recess and convene as the Planning Commission. Members of the La Palma City Council receive no compensation or stipend as a result of convening or participating in either the Successor Agency or Planning Commission meetings, or otherwise as serving as members of the Successor Agency or Planning Commission".

CONSENT CALENDAR

A. Approval of Successor Agency Minutes

Minutes of the February 4, 2014, and February 18, 2014, Regular Meetings of the Successor Agency.

Council Member Charoen made a motion to approve Consent Calendar Item A.

The motion was seconded by Mayor Pro Tem Kim and carried on the following vote:

AYES: Council Member Charoen, Council Member Goedhart, Council Member Hwangbo, Mayor Pro Tem Kim, and Mayor Shanahan

NOES: None

PUBLIC HEARINGS

None Scheduled.

REGULAR ITEMS

None Scheduled.

ADJOURN THE CITY OF LA PALMA AS SUCCESSOR AGENCY TO THE  
DISSOLVED COMMUNITY DEVELOPMENT COMMISSION, AND CONVENE AS THE  
PLANNING COMMISSION AT 7:07 P.M.

CONSENT CALENDAR

PL-1. Approval of Planning Commission Minutes

Minutes of the February 4, 2014, and February 18, 2014, Regular Meetings of the La Palma Planning Commission.

Vice Chairperson Kim made a motion to approve Consent Calendar Item PL-1.

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

AYES: Commission Member Charoen, Commission Member Goedhart, Commission Member Hwangbo, Vice Chairperson Kim, and Chairperson Shanahan

NOES: None

PUBLIC HEARINGS

None Scheduled.

REGULAR ITEMS

None Scheduled.

ADJOURN THE PLANNING COMMISSION AND RECONVENE AS CITY COUNCIL AT  
7:08 P.M.

CONSENT CALENDAR

1. Waive the Reading of All Ordinances

Waive the reading of all Ordinances in their entirety and read by title only.

2. Approval of Council Minutes

Minutes of the February 4, 2014, and February 18, 2014, Regular Meetings and the Minutes of the February 12, 2014, Special Meeting of the La Palma City Council.

3. Approval of Register of Demands

Resolution No. 2014-12 approving the Register of Demands for March 4, 2014.

Notice of Completion and Acceptance of Work for the La Palma Avenue Rehabilitation Project from West City Limit to Valley View Street, City Project No. ST-324

Accept the work and authorize the Community Services Director to file the Notice of Completion and Acceptance of Work with the Orange County Recorder for the La Palma Avenue Rehabilitation Project from the West City Limit to Valley View Street, City Project No. ST-324.

5. 2014 Street Closures for City Special Events

Resolution No. 2014-13 approving Street Closures for three (3) 2014 City special events: Memorial Day, Monday, May 26, 2014; Fitness Run for Fun, Friday, July 4, 2014; and La Palma Days, Saturday, November 8, 2014.

6. Destruction of Obsolete Department Records

Resolution No. 2014-14 authorizing the destruction of obsolete records pursuant to the California Government Code Section 34090.

Council Member Charoen made a motion to approve Consent Calendar Items 1 through 6.

The motion was seconded by Mayor Pro Tem Kim and carried on the following vote:

AYES: Council Member Charoen, Council Member  
Goedhart, Council Member Hwangbo, Mayor  
Pro Tem Kim, and Mayor Shanahan

NOES: None

PUBLIC HEARINGS

None Scheduled.

## REGULAR ITEMS

By consensus, the City Council agreed to hear Item 8 first.

### 8. Study Session: Sustainable Financial Plan

City Manager Volmert introduced the item and Interim Finance Director Pruyn gave the presentation.

Discussion ensued regarding the timeline when Staff will have results from the Police Department operational study and that Staff may have results by the beginning of May at the proposed budget presentation.

#### Public Input:

Larry Herman, 5122 Andrew Drive, addressed the City Council regarding clarification of the City's retirement liabilities projected; the current General Fund Reserves; history of the previous primary sales tax provider's increment and how that money was managed; and announced his support for putting the Tesoro sales tax increment into its own separate fund with only the City Council authorizing its use.

City Manager Volmert gave the projections for unfunded liabilities and noted that CalPERS would be changing the retirement formula for small cities like La Palma. Administrative Services Manager Murray gave details of the approximate actuarial value and unfunded liability.

Keith Nelson, 5311 La Luna Drive, addressed the City Council regarding how the new minimum wage increase applies for the small amount of part-time employees; suggested that the City Council take Tesoro tax increment out of the equation completely; noting the City Council's previous discussions of reviewing a cooperative agreement for Police Department services; and the responsibility of Staff to provide options for cost savings.

Discussion ensued regarding that due to the amount of information the City Council needs time before it can make a recommendation; that Staff is looking for direction on next year's and future budgets; conservative assumptions in the presentation; the financial concerns in the future; the biggest expenditure being the Police Department and concern that the City cannot afford to keep it; that unfunded liabilities affect future employee negotiations; monitoring rating rates in order to avoid a water/sewer fund deficit; that Staff is currently looking at water/sewer rate studies; that the upcoming General Fund policy will prioritize demands on the entire General Fund; support for bringing back the Source magazine to the public; that the presentation is not a financial plan, but a ten year model if the City does not make any changes; the urgency to address unfunded liability; that historically, the Operating Fund absorbs the most

surplus; decreasing expenses; that the presentation does support a sustainable future; and that salaries are part of the future deficit that need to be addressed.

City Manager Volmert introduced the proposed General Fund Revenue Policy and Interim Finance Director Pruyn gave the presentation.

Discussion ensued regarding assuming the need to additionally fund capital improvements projects, a larger contribution to the Capital Outlay Reserve (COR) and that the City Council has complete discretion to increase specific funds.

Larry Herman asked if the presentation included grant monies including Measure M funds and who is responsible for applying for grant funding now that a Public Works Director/City Engineer is not being replaced. He closed by noting his opposition to not replacing a Finance Director and Public Works Director/City Engineer.

City Manager Volmert responded that Measure M and Gas Tax monies have been included into the Financial Plan, but that it did not include grants.

Discussion ensued regarding the numerous grants available; that upcoming energy saving projects should be taken into account for the ten year plan; and several revenue factors change the financial plan outcome.

Interim Finance Director Pruyn gave the proposed Fund Restructure presentation.

Discussion ensued regarding allocating to different funds; support for the recommendations; and after allocation, there is little left in reserves.

Mayor Shanahan requested a short recess at 8:34 p.m.

Mayor Shanahan reconvened at 8:42 p.m. with all members present.

City Manager Volmert introduced the Fund Reserves Policy recommendations and Interim Finance Director Pruyn gave the presentation.

Mr. Pruyn closed the presentation by giving an overview of the City's contingency planning.

City Manager Volmert reported that Staff will make revisions to the assumptions and policies as discussed; bring back the analysis of any project reductions or changes; will make changes regarding the 10-year Street Plan; contributions to the General Plan; and announced upcoming Agenda Items including two

presentations on the Energy Assessment Plan, the five year CIP, Financial Enterprise software, and Code Enforcement Officer recommendations.

- a) Provide direction for the creation of the Draft FY 2014-15 Budget;
- b) Approve the General Fund Revenue Policy;
- c) Approve the Fund restructure recommendations;
- d) Approve the Fund Reserves Policy recommendations; and
- d) Receive and file the balance of the Plan.

Council Member Goedhart requested that Staff conduct Budget Workshops with the City Council prior to the preliminary Budget discussions.

Discussion ensued regarding a consensus for a preliminary line item Budget at the April 15th Work Session for the purpose of the Council Members having general numbers to discuss prior to Budget finalization.

Council Member Hwangbo made a motion to direct staff to bring back a detailed solution to the future deficit problems highlighted in the presentation.

Discussion ensued regarding addressing the use of Tesoro funds; that a financial plan is meaningless without a sustainable budget; and giving Staff more direction in finalizing a solution to the future deficit.

Council Member Goedhart seconded the motion and asked that Staff present a new financial plan using no more than 25% of Tesoro funds for operations; incorporate the modernization of the UUT; incorporate the increase in the TOT tax; incorporate the Billboard monies into the plan; alternatives for the Code Enforcement and Police Captain positions; and addressing the unfunded liabilities.

Discussion ensued regarding the City Council's opposition to acting on the UUT and TOT tax modernization as recommended by Staff in the Fall of 2013; that Staff will look at continuing operation improvements; that the City Council will have an opportunity to make a decision on Staff's recommendations after modifications are made; support for the creation of an Economic Development fund; opposition to having Staff waste time on a tax increase as it needs to be approved by the voters; that changing the formula for removing the UUT exemption for large sales tax providers

requires voter approval; and a request to restate the motion based on direction from the City Council.

Council Member Hwangbo clarified the original motion to direct Staff to return with a financial plan including scenarios using 0%, 25%, and 50% of Tesoro funds for operating expenses.

Council Member Goedhart requested a friendly amendment to include a schedule to resolve the City's unfunded liability.

The amendment was accepted by Council Member Hwangbo and carried on the following vote:

AYES: Council Member Charoen, Council Member Goedhart, Council Member Hwangbo, Mayor Pro Tem Kim, and Mayor Shanahan

NOES: None

7. One Year Extension of Memorandums of Understanding (MOU) with the La Palma General Employees Association, La Palma Police Association, and La Palma Professional Employees Association
  - a) Resolution approving a side letter agreement with the La Palma General Employees Association (LPGEA) for a one year extension-through June 30, 2015-of the Memorandum of Understanding currently expiring June 30, 2014;
  - b) Resolution approving a side letter agreement with the La Palma Professional Employees Association for a one year extension-through June 30, 2015-of the Memorandum of Understanding currently expiring June 30, 2014; and
  - c) Resolution approving a side letter agreement with the La Palma Police Association for a one year extension-through June 30, 2015-of the Memorandum of Understanding currently expiring June 30, 2014.

Council Member Goedhart made a motion to postpone the Item to the next meeting so that Staff has an opportunity to present the revised financial plan.

Discussion ensued regarding the consequences of postponing the item; that employee groups could withdraw the agreements; and clarification that the revised financial plan will determine the outcome for employee negotiations.



The motion was seconded by Council Member Hwangbo.

Public Input:

Michelle Rusu, President of the LPGEA, addressed the City Council regarding the members being in the lowest paid employee group; that the group has understood the financial State of the City and agreed to cuts in order to help the City in 2011; the increased work load because of decreased Staff levels and department consolidations; that the group has agreed to a one-year extension to help City Council during the difficult economic times; and stated that employees cannot be the only solution to the City's financial problems.

Lori Whalen, representing the LPGEA, addressed the City Council regarding the previous MOU and reminded that City Council that the group agreed to pay the Employee CalPERS retirement fees, agreed to not get a Cost of Living Adjustment (COLA), overtime reductions, no increase to medical contribution with increased health care costs; and an increased workload from department consolidations and Staff reductions. She closed by asking the City Council to consider the three bargaining units agreeing to continue the current MOU knowing that the groups will continue to not get any additional compensation for another year.

Mayor Shanahan made a motion to approve the One Year Extension of Memorandums of Understanding with the La Palma General Employees Association, La Palma Police Association, and La Palma Professional Employees Association, as recommended by Staff.

Discussion ensued regarding the City Council wanting to have a sustainable budget and plan prior to making any decisions regarding MOU's; that the City Council supports Staff; that the original motion does not reject the extension, but only delays a decision; and that Council Member Goedhart noted that he is hopeful that Staff will return with a sustainable plan and reinstate hope for the City employees.

Assistant City Attorney Molko reported on the outcome of a failure on the substitute motion.

Mayor Shanahan retracted his substitute motion.

The original motion carried on the following vote:

AYES: Council Member Charoen, Council Member Goedhart, Council Member Hwangbo, Mayor Pro Tem Kim, and Mayor Shanahan

NOES: None

COUNCILMEMBER AB1234 REPORTS, REPORTS FROM CITY-AFFILIATED COMMITTEES, AND COUNCIL REMARKS

**Council Member Charoen** had nothing to report.

**Council Member Goedhart** attended an Orange County Fire Authority (OCFA) meeting; the opening ceremony for the Continental Little League; and a memorial service for former OCFA Engineer Greg Hennessey and asked to adjourn in his memory.

**Council Member Hwangbo** attended the Association (ACC-OC) board meeting; the 39th Annual Cypress College Foundation Americana Awards banquet; the webinar by Senator Correa; the Cub Scout Pack 673 Arrow of Light Ceremony; and reported on an email from former Public Works Director Moneda and Noorbaksh regarding the importance of having a City Engineer on Staff and their role as a grant facilitator. He closed by noting the amount of money saved by the City Engineer's pursuit and receipt of grants for infrastructure projects; commented on ACC-OC's results of Orange County cities that have in-house engineers; and his support for that position to be replaced.

**Mayor Pro Tem Kim** attended the Orange County Sanitation District (OCSD) Administration Committee meeting; the 39th Annual Cypress College Foundation Americana Awards; and the OCSD regular monthly meeting.

**Mayor Shanahan** attended the 39th Annual Cypress College Foundation Americana Awards and thanked the City for their support of the event.

CITY MANAGER REMARKS

**City Manager Volmert** attended the 39th Annual Cypress College Foundation Americana Awards and the opening ceremony for the Continental Little League.

CITY ATTORNEY REMARKS

**Assistant City Attorney Molko** had nothing to report.

ADJOURNMENT

Mayor Shanahan adjourned the Regular Meeting of the La Palma City Council at 10:01 p.m. in memory of OCFA Engineer Greg Hennessey.

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Steve Shanahan  
Mayor

Attest:

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Laurie A. Murray, CMC  
City Clerk