

MINUTES OF THE REGULAR MEETING  
OF THE CITY OF LA PALMA AS SUCCESSOR AGENCY TO THE  
DISSOLVED COMMUNITY DEVELOPMENT COMMISSION

May 5, 2015

CALL TO ORDER: Mayor Kim called the Regular Meeting of the City of La Palma as Successor Agency to the dissolved Community Development Commission to order at 7:20 p.m. in the Council Chambers of La Palma City Hall, 7822 Walker Street, La Palma, California.

PLEDGE OF ALLEGIANCE: La Palma Boy Scout Troop 650

INVOCATION: Children's Minister Zsalene Lovetere, La Palma Christian Center

ROLL CALL: Council Members

Council Members present: Mayor Pro Tem Goedhart, Council Member Hwangbo, Mayor Kim, Council Member Shanahan, and Council Member Steggell

Council Members absent: None

City Officials present: Ellen Volmert, City Manager  
Michelle Molko, Assistant City Attorney  
Michael Belknap, Community Services Director  
Douglas Dumhart, Community Development Director  
Laurie Murray, Administrative Services Director/City Clerk  
Eric Nuñez, Police Chief  
James Tsumura, Water Supervisor  
Cindy Robinson, Community Services Supervisor  
Kimberly Kenney, Minutes Clerk

Administrative Services Director/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 Register of Demands

Resolution No. SA 2015-05 approving the Successor Agency Registers of Demands for May 5, 2015.

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

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

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

NOES: None

### PUBLIC HEARINGS

None Scheduled.

### REGULAR ITEMS

None Scheduled.

RECESS THE CITY OF LA PALMA AS SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION AT 7:21 P.M.

### CONSENT CALENDAR

None Scheduled.

## PUBLIC HEARINGS

None Scheduled.

## REGULAR ITEMS

None Scheduled.

Mayor Kim reconvened the City of La Palma as Successor Agency to the Dissolved Community Development Commission for a joint meeting with the City Council at 8:40 p.m. with all members present.

### 7. Presentation of Proposed Fiscal Year 2015-16 Budget

City Manager Volmert introduced the item, and gave a brief report on the schedule of budget meetings in preparation for adoption of the FY 2015-16 Budget.

Administrative Services Director Murray gave the Staff Report.

Public Comment:

Keith Nelson, a La Palma resident, addressed the City Council regarding not being afraid to make necessary cuts in fear of upsetting residents; support for expenses to be brought down; and asked for justification of increasing parking violation fines.

City Manager Volmert responded that the purpose of parking fines is to bring compliance; that Staff had not looked at fines in years; and it is hopeful that the City will receive increased fine revenue.

Chief Nuñez responded that parking fines pay for enforcement personnel, the traffic court fees, and citation administration fees; that the City's parking fines did not recover the cost of processing a citation; and that Staff looked at what other agencies charge and proposed an average of Orange County agencies.

Mr. Nelson added whether the City expects enhanced compliance that could impact the Budget; support for considering a joint service agreement with other agencies as a cost savings measure; and support for creating a citizen committee to review the City's financial situation.

Mayor Kim responded that there is a proposal in the future to have a Citizen Committee to review the City's financials.

Lisa Walker, a La Palma resident, addressed the City Council regarding citizens not being aware of the impact of the City's proposed budget cuts; that if the City Council cuts too much, La Palma will not exist; and suggested to have the City Council's budgetary considerations be made known to the public.

Robert Carruth, a La Palma resident, addressed the City Council regarding the parallels in the difficulty with the water drought and proposed budgetary cuts; that budgetary cuts are difficult and uncomfortable; that retiree pensions are increasing the deficit; opposition to a tax increase if the funds contribute to retiree pensions or Workers Compensation; and support for creating a Citizen Committee to review the City's financials.

Paul Walker, a La Palma resident, addressed the City Council regarding support for imposing a cost recovery fee for Fit "N" Fun prior to cancelling the program altogether; support for the creation of a Citizen Committee to review the City's financials; and support for increased fees, but opposition to increased or new taxes.

Administration Services Director Murray announced that the upcoming Budget Work Session on May 11 will be relocated to the Council Chambers in anticipation of increased attendance.

Community Services Belknap responded to the public comment regarding the Fit "N" Fun program and noted that Staff previously researched the matter and it would cost the user approximately \$400 per child for full cost recovery and noted that participation would decrease significantly as most current participants already pay for afterschool child care.

Provide direction for additional materials or information needed for the Budget Workshop scheduled for May 11.

Discussion ensued regarding the urgency to communicate to the Community regarding having their involvement in the budget process; that the City needs to deal with the short term issue to balance the budget; support for using a smart phone application for extra communication outreach; that the proposed cuts are extremely difficult to approve; that the City needs to look at correcting the long term budget permanently; support for taking every consideration including the possibilities of contracting law enforcement and recreation services; other factors for the current deficit being CalPERS changing their policy and formula, the Hospital moving to nonprofit status, and others that the City has no control of; that the City needs a combination of remedies to correct its economic status; appreciation for Management Staff taking a 5% pay cut in FY 2015-16; that Council direction was to reduce expenditures by \$250,000; investigating operational expenses; that Mayor Pro Tem Goedhart cannot support Staff's proposal without seeing actual reductions; that the City's financial

sustainability decreases dramatically after the next three years; that 20% in Staff reductions is still not enough; support for a Citizen Committee to review the City's financials; the need to explore contracting law enforcement services; researching a tax consideration; that the proposed reductions lead to a deterioration of operations, services, and infrastructure; that the City's budget cannot be balanced on the backs of employees or businesses; that action will need to be taken in November 2016 to fix the financial problem once and for all; that Council Member Hwangbo is not prepared to make any decisions until more discussion and considerations can be had; that Staff is planning to create a direct mail financial newsletter and immediate press release regarding the current fiscal condition and proposed budgetary cuts and recommendations; that Mayor Pro Tem Goedhart required that newsletter be reviewed by the City Council prior to its release; that Mayor Kim and Mayor Pro Tem Goedhart are ready to move forward with giving direction to Staff noting that final decisions will be made during the budget adoption; and that most of the Council is ready to give direction to Staff.

By consensus, the City Council approved the suspension of La Palma Days from the proposed Budget in preparation for the final FY 2015-16 Budget, with Council Member Shanahan abstaining.

**Assistant City Attorney Molko noted that the votes being taken by the City Council are not direct formal action to make cuts or suspend programs, but rather direction to Staff in preparation of the FY 2015-16 Budget.**

By consensus, the City Council unanimously approved the Park Hour Reduction of 2 hours each weekday from the proposed Budget in preparation for the final FY 2015-16 Budget.

By consensus, the City Council unanimously approved the elimination of Granicus Expansion from the proposed Budget in preparation for the final FY 2015-16 Budget.

Discussion ensued regarding the Records Clerk being reduced to part-time requiring the City to retain current dispatch services; the potential of contracting out dispatch services; and that if the Council decided to move forward with contracting out dispatch in the future, Staff would need to return to the City Council with a Records Clerk retention proposal.

By consensus, the City Council unanimously approved the elimination of the SCORE Workshops and reducing the Records Clerk position to Part Time from the proposed Budget in preparation for the final FY 2015-16 Budget.

Discussion ensued regarding the Workers Compensation payment; that the Workers Compensation retrospective payment will come from the One-Time Projects fund; and that this would pay off the entire amount, eliminating the need

for financing the obligation over 7 years and saving the 2% interest charge on the \$252,303.

By consensus, the City Council unanimously approved to make a Workers Compensation Retrospective Payment from One-Time Funds in the amount of \$252,303 in preparation for the final FY 2015-16 Budget.

Discussion ensued regarding the General Liability retrospective payment that is due this year; that the Insurance Fund is below \$1 million; that repayments will be made to that fund; that this is not what would be typically done, but a measure to close the deficit gap for the next three years and build the Insurance Fund balance back up after the three-year period; and a suggestion to take the monies from the available One-Time Projects fund.

By consensus, the City Council unanimously approved to fully fund the General Fund Liability from One-Time Funds of \$142,700, and pay back Insurance Reserves in Year 3 for the proposed Budget in preparation of the final FY 2015-16 Budget.

Discussion ensued regarding giving Staff direction on the \$250,000 transfer to COR; understanding that this measure is a short term plan; that the City Council can always change their decision on the transfer at a later date.

By consensus, the City Council unanimously approved the \$250,000 transfer to COR for the first three years and gradually increase the transfer every year thereafter for the planning period.

## ADJOURNMENT

Mayor Kim adjourned the Regular Meeting of the City of La Palma as Successor Agency to the dissolved Community Development Commission at 10:03 p.m.

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Peter L. Kim  
Mayor

Attest:

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Laurie A. Murray, CMC  
City Clerk