

MINUTES OF THE SPECIAL MEETING
OF THE LA PALMA CITY COUNCIL
STRATEGIC PLANNING AND GOAL SETTING SESSION

January 26, 2018

Mayor Goedhart called the Special Meeting of the La Palma City Council to order at 9:00 a.m. on Friday, January 26, 2018, in the Fan Palm Room, La Palma Community Center, at 7821 Walker Street, La Palma, California with Mayor Goedhart, Mayor Pro Tem Goodman, Council Member Flachmeier, Council Member Kim, Council Member Steggell, City Manager Murray, Community Services Director Belknap, Support Services Manager Corbin, Planning Manager Hutter, Police Chief Kim, Assistant to the City Manager Robinson, Administrative Services Director Shelton, and Captain Wilkerson present; and Council Member Steggell absent.

PLEDGE OF ALLEGIANCE Mayor Goedhart

ORAL COMMUNICATIONS

None.

REGULAR ITEM

1. Strategic Planning and Goal Setting Session

The City Council met for the purpose of conducting a Strategic Planning and Goal Setting Session.

City Manager Murray reported on the status of the 2017 goals as follows:

1. **Attain Fiscal Sustainability while maintaining frontline services, including:**
 - **Examining options for restructuring the City's unfunded retirement liability**
 - **Fully funding the Other Post-Employment Benefits (OPEB) Trust**
 - **Modifying the City's financial policies**

The passage of Measure JJ by 60.34% of the voters on November 8, 2016, gave the City the resources it needed to stabilize the City's path of fiscal sustainability.

CalPERS Unfunded Liability: The City contracted with Bartel Associates

to conduct an in-depth study of the City's unfunded retirement liability. The study took into account the recent California Public Employees Retirement System (CalPERS) changes in actuarial assumptions, including changes in mortality rates and drops to the discount rates. This report also assumed a more conservative return on investment – assuming 6.5% over the first 10 years and then 7.25% beyond that. Staff used this information to develop a plan for restructuring the City's unfunded retirement obligations that would a) restructure the liability payments; and b) reduce the burden on the general fund. To that end the City made a \$2.5 Million payment to CalPERS in June 2016, with a second \$2.5 Million payment planned—with City Council confirmation—in Fiscal Year 2017-18. Projections indicate that these actions render the City fiscally sustainable through the long term.

OPEB: The biannual actuarial report was completed in November 2017 and indicates that the City now has an unfunded liability of \$1.13 Million. The City's Unfunded AAL (UAAL) significantly increased from the previous valuation due to inclusion of the implied subsidy. GASB now requires recognition of the implied subsidy for agencies who provide retiree healthcare benefits through CalPERS health plans (PEMHCA). In PEMHCA, the implied subsidy is the benefit retirees derive from paying the same premiums as active employees. Because younger people are generally healthier than older people, retirees on average have higher health expenses than employees. This results in an (implied) active premium payment which subsidizes the cost for older retirees (subsidy). A full OPEB update will be provided on February 20 as part of the Mid-Year Operating Report. Due to the unexpected expenditure of \$1.5 Million to purchase 5062 La Palma, it may not be possible to fully fund the OPEB Trust in Fiscal Year 2017-18, but staff will provide a schedule for fully funding the trust over the next year or two.

Financial Policies: The Financial policies were amended in May 2017. Changes to the Fund Balance Reserve Policy included revisions to the General Fund Emergency Reserve, elimination of the Revenue Volatility Reserve, addition of a Civic Center Replacement Fund, and modification to the Technology Fund target balance calculation.

The General Fund Emergency Reserve Policy was modified to require a minimum reserve of 50% of General Fund expenditures. At the time, Reserve balances were approximately \$10 million, which represented approximately 100% of General Fund expenditures. The modified General Fund reserve policy requires \$5.1 million in General Fund reserves for FY 2017-18 and allowed the City to unencumber \$4.9 million. Based on recommendations by the Government Finance Officer Association (GFOA), an agency with moderate to high financial risk should set aside 25-36% of general fund expenditures in reserves. Neighboring cities average a 25%

general fund reserve level. The City Council's direction for a 50% general fund reserve level is very conservative and in line with the City's history of being fiscally responsible. The City Council also directed that 25% of any year-end operating surpluses be allocated to the Emergency Reserve Fund.

2. Complete Labor Negotiations

On June 6, 2017, the City Council adopted a Resolution approving one year extensions to the Memorandum of Understandings (MOU's) between the City of La Palma and the La Palma General Employees Association, La Palma Professional Employees Association, and La Palma Police Association and one-time lump sum payments to all group members including Executive Management employees. The MOU's expire on June 30, 2018.

The City Council began the 2018 negotiation process early and staff has begun meetings with each of the Associations. The plan is to finish negotiations in March for budgeting purposes.

3. Continue working for School District Boundaries that allow La Palma children to attend La Palma schools

School choice has been a longstanding issue for residents in the City of La Palma, specifically for those residents living north of Houston. The City Council has worked for many years towards this goal and is resolute in its efforts to find a lasting solution that will allow La Palma children to attend La Palma schools. Throughout 2017, the City Manager continued to have dialogue with the Superintendents of Anaheim Union High School District (AUHSD) and Fullerton Joint Union High School District (FJUHSD), and both staff and the City Council continued to work with legislators to find a solution. The County Board of Education issued new rules for granting transfers that will make it much easier for students to receive them. Those rules include provisions that make both transportation and child care issues acceptable reasons for a transfer request. It is anticipated that most transfers will now be approved.

4. Engage in Proactive Economic Development, including:

- **Encouraging redevelopment of the Brookside Apartments complex**
- **Encouraging the development of a hotel**
- **Encourage and/or facilitate enhanced architecture design and/or niche shopping areas within current strip mall locations**

The City is committed to engaging in proactive economic development activities, including providing supportive and transparent processes to create an environment conducive to businesses. These efforts are a vital

part of attaining fiscal sustainability. Staff has had conversations with property owners, developers, and investors to encourage redevelopment of older apartment and business complexes, development of vacant parcels, and attracting a new hotel and other types of businesses that would generate revenue.

In June, it became apparent that changes to prior practices needed to be made in regards to the City's zoning and planning practices. Staff conducted multiple community workshops to gather the input of the community as it relates to current and potential zoning within the City. A City Council workshop will be held early in 2018 to discuss and finalize needed zoning changes. The workshop will be followed by the Introduction and adoption of an Ordinance to change some zoning within the City and to clean up language within the City's Zoning Code.

- 5. Invest in Community Improvements, including:**
- **Redesigning medians to address drought restrictions**
 - **Increasing maintenance of vines on arterial walls**
 - **Repainting arterial block walls as appropriate**
 - **Investigating options for a future dog park**
 - **Upgrading security at City facilities**

After many years of deferred maintenance and inability to address capital needs, the City is on a path to improve maintenance throughout the City. The City issued an RFP for median design and Award of Contract is scheduled for March 6. It is anticipated that the design will be completed by the end of the current fiscal year and that a median project will be started in FY 2018-19. Maintenance of vines on arterial walls was increased from quarterly to bi-monthly and all were trimmed in anticipation of the block wall project. The City Council approved a contract for block wall painting in July and the project was completed in October. A location for a future dog park has not yet been investigated, but will remain as a future need. A committee of staff members from across the agency has been working to identify security needs of all City facilities including priorities and scope of work. The Committee will be scheduling meetings with security firms in the next few months to further refine the scope of work and to prepare the bid package.

- 6. Invest in Technology, including:**
- **Updating the City's website and investigating fiscal transparency software options**
 - **Investing in code enforcement software**
 - **Investigating videocasting Council Meetings**

City staff has been working with the City's website provider to complete a comprehensive overhaul of the City's website. The updated website will

launch to the public in mid-February. It will include a fiscal transparency component that allows residents to review City Finances at their leisure. The City entered into a contract for Code Enforcement software. It will also roll out in mid-February. Videocasting of Council meetings has not yet been investigated, but will remain as a future need.

The City Council discussed a variety of issues, with the following proposed Priority Goals for 2018 and FY 2018-19 to be brought to a regular City Council Meeting for adoption:

- 1. Engage in Proactive Economic Development, including:**
 - Developing a Specific Plan for the Brookside Apartments complex
 - Reviewing the PND Zoning Requirements as part of the ongoing Zoning Change Project
 - Encouraging the development of a hotel (Multiyear Goal)
 - Investigating legal cannabis uses in the Industrial Zone
 - Encourage and/or facilitate enhanced architecture design and/or niche shopping areas within current strip mall locations

- 2. Invest in Community Improvements, including:**
 - Finding a location and building a Dog Park utilizing Park Development Funds
 - Adding Exercise Equipment to Central Park in the FY 2018-19 Budget utilizing Park Development Funds
 - Redesigning and complete Medians throughout City (Multiyear Goal from 2017)
 - Upgrading security at City facilities (Multiyear Goal from 2017)

- 3. Improve communications with the public through:**
 - Conducting Bi-annual citywide surveys
 - Increasing Police Interaction in neighborhoods
 - Taking steps to videocast Council Meetings (Multiyear Goal)

- 4. Continue working for a permanent solution on School District Boundaries that allows La Palma children to attend La Palma schools.**

As a result of the discussions on a variety of topics, by consensus, the City Council directed the City Manager as follows:

OPEB - Defer fully funding one year; provide historical rate of return as part of February 20 OPEB presentation.

Zoning – As part of the upcoming zoning changes, ensure that Food Halls are allowed;

5062 La Palma Avenue – Report on any public uses of property and utilize or

dispose of as appropriate

AT&T – Follow up with AT&T officials regarding reports from members of the public that they are no longer issuing land lines

City Improvements – Include future refurbishment of the Memory Garden in budget discussions; include replacement of City banners in budget discussions

Council Policy Review - Review requirement of Memorial Wall; Review Committee Member term limits

Water Billing – Conduct a study session regarding bringing Water Billing in house

Veteran Focused City Event – Bring new 2018 event forward in budget discussions

By District Voting – Continue to monitor and bring report to City Council when appropriate

CLOSED SESSION

CS-1. **The City Council will meet in Closed Session pursuant to Government Code Section 54957.6: CONFERENCE WITH LABOR NEGOTIATORS**

Agency Designated Representatives: Laurie Murray, City Manager
Sea Shelton, Administrative Services Director
Steve Filarsky, Agency Labor Counsel

Employee Organizations: La Palma General Employees Association
La Palma Police Association
La Palma Professional Employees Association

Unrepresented Employees: Executive Management

The City Council recessed to Closed Session at 3:30 p.m.

The City Council reconvened in Open Session at 4:30 p.m. with no reportable actions.

ADJOURNMENT

Mayor Goedhart adjourned the Special Meeting at 4:35 p.m.

Gerard Goedhart
Mayor

Attest:

Kimberly Kenney
Deputy City Clerk