

MINUTES OF THE SPECIAL MEETING
OF THE LA PALMA CITY COUNCIL

May 1, 2018

CALL TO ORDER: Mayor Goedhart called the Special Meeting of the La Palma City Council to order at 8:00 p.m. in the Council Chambers of La Palma City Hall, 7822 Walker Street, La Palma, California.

ROLL CALL: Council Members

Council Members present: Council Member Flachmeier, Mayor Goedhart, Mayor Pro Tem Goodman, Council Member Kim, and Council Member Steggell

Council Members absent: None

City Officials present: Laurie Murray, City Manager
Emily Webb, Assistant City Attorney
Mike Belknap, Community Services Director
Scott Hutter, Planning Manager
Terry Kim, Police Chief
Sea Shelton, Administrative Services Director,
Kimberly Kenney, Deputy City Clerk,

ORAL COMMUNICATIONS

No members of the public wished to speak.

REGULAR ITEM

1. Fiscal Year 2018-19 Proposed Budget and Capital Improvement Program Workshop

Recommendation that the City Council receive Staff presentation on the Proposed FY 2018-19 Budget and provide direction for any changes to be made for the June 5 Public Hearing.

City Manager Murray announced that the budget presented tonight is different than the one issued in the Agenda Packet as a result yesterday's announcement that Marathon Petroleum is purchasing Andeavor, who the City knows as Tesoro; that Staff is uncertain as to how this will affect the City's tax sharing agreement with Andeavor; that in an abundance of caution, Staff has removed any new base building expenditures from its recommendation until we know more; that Staff has

already reached out to Andeavor to schedule a meeting; that Staff will develop a contingency budget in case the La Palma offices are closed as a result of the merger; that the merger is expected to be finalized in the second half of 2018 after Marathon receives regulatory and shareholder approvals; that any changes would likely hit the FY 2019-20 budget and not the budget before the City Council tonight; and that as Staff worked with Tesoro when they purchased BP Arco, we will continue to work with both Marathon and Andeavor to keep their business in La Palma.

Administrative Services Director Shelton introduced the Budget and gave a presentation on updated projects that were added to the Proposed FY 2018-19 Budget.

Discussion ensued regarding clarification of the Central Park Fire Lane Rehabilitation project; that it is located in the back of the Community Center is a fire lane with a three-point turn that was originally designed with grass that has now turned into dirt; and that Staff's intent was to replace the dirt with asphalt.

Administrative Services Director Shelton continued with the presentation regarding the General Fund overview of the current Fiscal Year.

Discussion ensued as to whether the proposed budget excluded Andeavor sales tax; and because of the timeline of the acquisition process, the City anticipates receiving that revenue in Fiscal Year 2018-19.

Administrative Services Director Shelton continued with the presentation regarding the General Fund Expenditures; the General Government Department Budget; and the Administrative Services department budgets.

Discussion ensued regarding clarification of the City's Contract IT Services being through Brea IT; that Brea IT has built-in increases as part of the City's last agreement; that this increase is hourly and not an increase in services; that Staff did increase Services from 22 hours per week to 26 hours per week at mid year; and that the City needs that level in service hours due to the technology needs of the agency.

Administrative Services Director Shelton continued with the presentation regarding the Police Department budget.

Discussion ensued regarding the Vehicle Replacement Fund; that the funds in this account are for future vehicle replacement needs; that the fund is fully funded as-is; that Staff has delayed replacing vehicles and once the vehicles get replaced, the City will pull from this account for those purchases; that part of the increase is due to delaying replacement and that Staff is now starting to replace vehicles because the purchases were delayed that the budget is going to be status quo once the vehicles have been purchased.

Administrative Services Director Shelton continued with the presentation on the Community Services and Community Development department's budgets, the Utility Fund, Special Revenue Funds, and the Internal Services Fund; and gave an overview of the Capital Improvement Program.

Discussion ensued regarding clarification of the total funded amount of the FY 2018-19 Capital Improvement Program (CIP) Budget; that Staff has removed some improvements that could be postponed and kept the items on that needed to be included this year; that the Security Camera upgrades at our Well sites are needed; that Staff has allocated the same amount to COR as previous years; that cautionary review for projects is needed; that many of the CIP projects showing up in the presentation were carried over from the 2017-18 Budget as they were not completed this fiscal year; that the City Yard project funds include pavement and block wall rehabilitation, but has been delayed for years due to timing issues and could easily be delayed again if the City Council chooses; that Staff could take a look at all City projects that could be delayed; a request to be consistent when removing less important projects from the list; and that the Central Park Fire Lane rehabilitation, City Hall carpet and paint, Street Banners, and other minor projects have been postponed.

Council Comments and Questions:

Discussion ensued regarding recommendations that Staff has made by taking out projects from the Budget in lieu of the Marathon Acquisition; that the plan for the Surplus is to place it in the Unassigned Fund Balance so the City Council can make a decision later on how to use those funds; that Staff has to wait until after the audit to see the true Surplus; that the Unassigned Fund Balance was reserves from the surplus over the past two years as a result of the City's efficiency and can be used for one time projects; that if Marathon leaves, the City may need to have access to some of that unassigned monies to help balance the budget; support to let the surplus accumulate in the unassigned Fund Balance until we know what the plan is with Marathon versus putting it in Reserves; if the surplus gets placed in Reserves, it is intended to stay in the Reserves; that any major expenditure requires City Council approval regardless of what fund the surplus is put into; that the City could stand to lose approximately \$1 million in revenues if two major businesses leave La Palma; support for funding two Council Members to attend the Americana Awards instead of one and keep the VIP Breakfast in the proposed FY 2018-19 Budget; that the exercise equipment for the Central Park is from the Park Development Fund and Staff is suggesting to delay the installation until we know what happens at Mid-Year; and the identified reductions and increases in the budget that are not significant.

Mayor Pro Tem Goodman made a motion to include an additional \$250 for an additional Council Member to attend the Americana Awards and keep the VIP Breakfast funded at \$800 in the proposed FY 2018-19 Budget.

Discussion ensued regarding the one ticket for Americana being for the Mayor to present the Proclamation to the recipient; opposition to adding another ticket to the cost; support for the VIP Breakfast but not with City funds; the need to be consistent with program or project cuts; that the maker of the motion felt the added items were not a significant impact to the budget; support for waiting until the previously discussed business transaction is completed to analyze its effect on the City; and that the City Council supports VIPs.

The motion was seconded by Council Member Flachmeier and failed on the following vote:

AYES: Mayor Pro Tem Goodman and Council Member Flachmeier.

NOES: Mayor Goedhart, Council Member Kim, and Council Member Steggell.

Discussion ensued regarding the uncertainty regarding major business revenue for the City; that all projects that were removed are up for reconsideration at the Council's request; the need for only the Mayor to be present at the Americana Awards; support for the budget as proposed; that current service levels to the community are not changed and that is what is important; support for the City to use prudence; that Staff will review the meetings and training budget; support for delaying any unnecessary expenditures; that Staff's timeline to present the final budget is on June 5, 2018; that Council Member Kim would like to be presented with all the new Budget numbers that were discussed at this meeting; that Staff has detailed information on each increase and decrease that offsets the budget; that Council Members have worked with Staff to finely tune the budget; and that after Council Member Kim reviews the revised budget, he will notify Staff as to whether or not there is a need to have another meeting before budget adoption; and that the City Council will prepare for the public hearing to adopt the budget on June 5, 2018.

ADJOURNMENT

Mayor Goedhart adjourned the Special Meeting of the La Palma City Council at 8:57 p.m.

Gerard Goedhart
Mayor

Attest:

Kimberly Kenney
Deputy City Clerk