

**MINUTES OF THE CITY COUNCIL
OF THE CITY OF LOS ALAMITOS**

REGULAR MEETING – July 21, 2014

1. CALL TO ORDER

The City Council met in Regular Session at 6:11 p.m., Monday, July 21, 2014, in the Council Chamber, 3191 Katella Avenue, Mayor Graham-Mejia presiding.

2. ROLL CALL

Present: Council Members: Edgar, Grose, Kusumoto,
Mayor Pro Tem Murphy, Mayor Graham-Mejia

Absent: Council Members: None

Present: Staff: Bret M. Plumlee, City Manager
Cary Reisman, City Attorney
Tony Brandyberry, Public Works Superintendent
Corey Lakin, Community Services Director
Todd Mattern, Police Chief
Steven Mendoza, Community Development Director
Cassandra Palmer, Support Services Manager
Windmera Quintanar, CMC, City Clerk
Glenn L. Steinbrink, Interim Admin. Services Director

3. PLEDGE OF ALLEGIANCE

Council Member Grose led the Pledge of Allegiance.

4. INVOCATION

Council Member Kusumoto gave the Invocation.

5. PRESENTATIONS

A. Presentation of a Certificate of Recognition to Brian Gorman, President of Los Alamitos Youth Baseball League, for the 2014 Bronco World Series

Mayor Graham-Mejia and the City Council presented a Certificate of Recognition to Brian Gorman and Chelsi Wilson. Mr. Gorman spoke briefly regarding the World Series, August 1-4, 2014.

B. Presentation of Proclamation to Pete Carvajal, Chair of the Parks, Recreation, and Cultural Arts Commission, for "Parks Make Life Better" Month

Mayor Graham-Mejia and the City Council presented a Proclamation to Chair Carvajal. Chair Carvajal spoke briefly.

C. Presentation of a Proclamation to Todd Mattern, Chief of Police, for “National Night Out”

Mayor Graham-Mejia and the City Council presented a Proclamation to Chief Mattern. Chief Mattern spoke briefly.

6. ORAL COMMUNICATIONS

Mayor Graham-Mejia opened Oral Communications.

Shelley Henderson, Chair of Cypress Community Festival, spoke regarding Saturday’s Cypress Festival and encouraged everyone to attend.

Kyle Kramel, Smart Cities Prevail representative, spoke in favor of retaining prevailing wage and requested Council postpone the decision until additional data could be provided.

Elizabeth Kane, Run Seal Beach, spoke regarding the 2014 grants from Run Seal Beach.

Jim Adams, Los Angeles/Orange Counties Building Trades Council, spoke in favor of prevailing wages for construction jobs and requested Council postpone the decision until additional data could be provided.

Mark Lengfeld, Build it Workspace, thanked the Council for attending his ribbon cutting ceremony last week and spoke briefly about his new business.

The following residents spoke in favor of returning the fireworks display to its original location:

- Jason Kirkeller (submitted signed petition)
- Robert Graham
- Tom Hoffgarden
- Peter Castas
- Lenard Deleon
- Carmen Deleon
- Clarissa Tucker

JM Iver, resident, spoke in favor of returning the fireworks display to its original location and looked forward to a positive political season.

7. REGISTER OF MAJOR EXPENDITURES

Motion/Second: Edgar/Murphy

Unanimously Carried: The City Council approved the Register of Major Expenditures for July 21, 2014, in the amount of \$225,796.74, ratified the Register of Major Expenditures for June 17, 2014, to July 20, 2014, in the amount of \$1,485,424.39, and authorized the City Manager to approve such

expenditures as are legally due and within an unexhausted balance of an appropriation against which the same may be charged for the time period July 22, 2014, to August 17, 2014.

ROLL CALL

| | |
|-------------------------|-----|
| Council Member Edgar | Aye |
| Council Member Grose | Aye |
| Council Member Kusumoto | Aye |
| Mayor Pro Tem Murphy | Aye |
| Mayor Graham-Mejia | Aye |

8. CONSENT CALENDAR

All Consent Calendar items may be acted upon by one motion unless a Council Member requests separate action on a specific item.

Council Member Grose pulled items 8D and 8F.

Motion/Second: Edgar/Graham-Mejia

Unanimously Carried: The City Council approved the following Consent Calendar items:

- A. Approval of Minutes (City Clerk)**
Approved the Minutes of the Regular Meeting of June 16, 2014.
- B. Warrants (Finance)**
Approved the Warrants for July 21, 2014, in the amount of \$42,929.59, ratified the Warrants for June 17, 2014, to July 20, 2014, in the amount of \$164,090.74, and authorized the City Manager to approve such expenditures as are legally due and within an unexhausted balance of an appropriation against which the same may be charged for the time period July 22, 2014, to August 17, 2014.
- C. Memorandum of Understanding with Los Alamitos Police Officers' Association (City Manager)**
This Resolution adopted the four year Memorandum of Understanding (MOU) with the Los Alamitos Police Officers Association (POA), effective July 1, 2014, through June 30, 2018.

The City Council adopted Resolution No. 2014-21, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, TO APPROVE A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF LOS ALAMITOS AND THE LOS ALAMITOS POLICE OFFICERS' ASSOCIATION THROUGH JUNE 30, 2018."

E. Amendment to Professional Services Agreement with Intellibridge Partners LLC for Executive Clerical Services (City Manager)

The Public Works Secretary's last day was May 8, 2014. City Manager Plumlee entered into Professional Service contracts for interim help with Intellibridge Partners LLC for Clerical/Secretarial Services not to exceed \$9,950.00. Staff is recommending City Council authorize amendments to this contract.

The City Council authorized the City Manager to execute Amendment 1 for Intellibridge Partners LLC for Clerical/Secretarial Services.

G. Agreement for Animal Control Services between the City of Long Beach and the City of Los Alamitos (Support Services)

The City of Los Alamitos contracts with the City of Long Beach Animal Care Services for animal control. The purpose of this report is to amend the Agreement for Animal Control Services between the City of Long Beach and the City of Los Alamitos. This amendment invoked the second two-year extension option for Fiscal Years 2014-15 and 2015-16.

The City Council authorized the City Manager to execute an extension of the Agreement for Animal Control Services between the City of Long Beach and the City of Los Alamitos for the term of July 1, 2014, through June 30, 2016.

H. Integrated Law & Justice Agency for Orange County Updated Agreement (Police)

The Los Alamitos Police Department sought City Council authorization to execute an amendment to the JPA Governance Agreement adding a new Member to Integrated Law & Justice Agency for Orange County (ILJAOC).

The City Council:

1. Approved the addition of California State University Fullerton on behalf of their Police Department, as a new Member of the Integrated Law & Justice Agency for Orange County (ILJAOC); and,
2. Approved the recommended amendments to the Governance Document of the ILJAOC Joint Powers Authority.

I. Approval of Plans and Specifications, and Authorization to Bid for Alley Improvement Project (CIP No. 14/15-02) (Public Works)

This report recommended actions to begin facilitating the construction of portions of the Alley from Bloomfield Street to approximately 1,150 feet east, between Katella Avenue and Green Avenue.

The City Council:

1. Approved the plans and specifications for the construction of the Alley Improvement Project (CIP No. 13/14-04); and,
2. Authorized Staff to advertise and solicit bid proposals.

End of Consent Calendar

Items pulled from Consent Calendar

D. Adoption of Resolution Establishing Salaries and Benefits for Non-Represented Employees (City Manager)

The Non-represented employees last received an increase in January, 2013. The purpose of this agenda item was to grant an increase for the Non-represented employees for the Fiscal Year 2014-15.

City Manager Plumlee summarized the Staff report, referring to the information contained therein, and answered questions from the City Council.

Council Member Grose referred to Section 25 and asked if employees were paying their full PERS.

City Manager Plumlee stated all employees in the group at that time are paying their full portion. He clarified new PERS laws required PEPRAs employees to pay half the normal cost. PEPRAs employees are new employees to PERS or employees that have been separated for more than six months.

Council Member Grose asked if that was essentially what the existing work force was doing.

City Manager Plumlee stated existing employees pay the full amount. He requested Interim Administrative Services Director Steinbrink explain normal cost.

Interim Administrative Services Director Steinbrink indicated there were two different costs. Classic employees have an employee contribution, fixed by law that doesn't change, and an employer contribution, which changes every year based on actuarial study. The employer rate can be much higher than the employee contribution amount. PEPRAs employees, created by the new law, do not have employee and employer contributions. PEPRAs employees use normal cost, the total rate, and are split 50/50 between the employer and employee. He continued that for the first three years, PEPRAs employees would be paying an estimated normal cost until an actuarial study could be done to set the normal rate. PEPRAs

employees will pay 50% the normal rate in perpetuity. After January 1, 2018, each City can decide whether or not to require classic employees to pay more than the employee contribution. For Safety Employees the increase would be high and for Miscellaneous Employees it would be 3-4% more.

Council Member Grose referred to Section 27, Education Reimbursement, and requested similar language to the Police Officer's Association (POA) agreement for continued employment of five years and paying back a portion of the advanced education reimbursement for early termination be included. He referred to Section 30, Construction, and asked for clarification.

City Attorney Reisman indicated construction was how the Resolution is interpreted.

Council Member Grose referred to his understanding of waivers and inquired if this was a new term.

City Attorney Reisman indicated waivers would fall under this section.

Council Member Grose was supportive of approval with amended language for Section 27.

Council Member Edgar stated concern for the fiscal impact. He clarified the changes were a 1% increase, increase in medical insurance, and the education reimbursement. He stated concern for the salary survey in Section 5, and stated this is the first he has seen the criteria specifically prescribed and was unsure if it was appropriate. He indicated a salary survey had not been done and asked if Council should be concerned that a criteria was being set.

City Manager Plumlee indicated this language has not changed since the adoption in January. He stated the salary survey has been used to evaluate two positions.

Council Member Edgar asked if the same wording was in the POA and City Employee's Association contracts.

City Manager Plumlee answered in the negative and clarified non-represented included management and executive Staff that did not belong to an association.

Council Member Edgar indicated even if the language has been used in the past he was concerned with item 2, cities with a population less than 30,000, as it may not be a wide enough sample. He indicated he was

uncomfortable as this could have a significant effect and he wanted to ensure fairness. He then referred to Section 10, Employee contracts, and asked if there had previously been an issue with this item.

City Manager Plumlee indicated only executive staff had contracts and management contracts had been rescinded.

Police Chief Mattern confirmed there had been a change and contracts were only for executive staff.

Council Member Edgar indicated this Resolution was for non-represented employees and did not believe Section 10 should be included.

City Manager Plumlee confirmed and indicated it would be removed.

Council Member Edgar referred to Section 15, Holidays, and stated concern employees working a 9/80 would receive additional holiday hours. He stated concern that this affected a lot of employees and it was not very clear.

City Manager Plumlee explained employees working a 9/80 work 9 hour days. Thus, if a holiday fall on a 9 hour day, they receive 9 hours of holiday pay, and if a holiday falls on an 8 hour day they receive 8 hours of holiday pay.

Council Member Edgar inquired if Staff had done the research to see if additional time was being given and believed hours should be received for hours worked.

City Manager Plumlee stated there were no additional hours.

Council Member Edgar asked if all employees were on a 9/80. He stated he was agreeable, but he wanted to ensure the right numbers were being used and that it was fair to everyone.

Council Member Kusumoto indicated he previously stated concern regarding this item. Employees working 9 hour days could be one to two hours ahead of their peers. He believed tallying up the holiday pay would make it evident if someone was receiving more time.

Mayor Graham-Mejia inquired if Council would like to postpone the item so it could be fine tuned or if Council was comfortable making corrections tonight. She indicated support for the Education Reimbursement language for parity; removing Section 5, item #2; remove Section 10; and, clarify the holiday pay in Section 15. She stated it seemed unfair to dock someone an hour if they normally work a 9 hour day and stated it would be

interesting to see if the hours were significant. If it was only a couple of hours she was comfortable as is.

Council Member Edgar stated support for Staff correcting the item with proper direction and inquired if Staff believed the issue could be worked through.

City Manager Plumlee stated Staff could include comparable language to the POA for education reimbursement and could remove Section 5 for discussion at a later date.

Mayor Graham-Mejia stated support for pulling the item if it could not be addressed now.

Council Member Edgar stated support for a salary survey and indicated he would like to see additional details come forward. He stated opposition to having the criteria in the Resolution.

City Manager Plumlee indicated the section is not applicable right now. He indicated it had been used for the Administrative Services Director and had been very beneficial and worked well. He stated it enables enhanced recruitment. He requested it be left in for now and brought back at a later time for discussion.

Council Member Edgar indicated there needed to be specific discussion for a comprehensive evaluation.

Mayor Graham-Mejia stated Section 10 would be removed and asked for guidance on Section 15, Holiday pay.

Interim Administrative Services Director Steinbrink indicated his only familiarity with holiday pay was from a past City and it was not the same situation. He indicated in the City if a holiday falls on a Friday off, Staff gets the previous day off. He estimated over the course of a year an employee might accrue 8-10 more holiday.

Mayor Graham-Mejia asked if Council was interested in addressing this issue.

City Manager Plumlee suggested approval and with holiday discussion at a later date.

Council Member Edgar hypothesized if an employee was working five days a week and was not able to go to a 9/80 schedule, a three hour difference would be significant.

Council Member Kusumoto added it was the people's money and money was being spent for services not rendered. He cautioned Council to be mindful of such and stated in his place of work all holidays were eight hours.

Mayor Graham-Mejia asked for a motion.

City Attorney Reisman indicated if the Council was ready to vote a new Resolution could be prepared to take into account tonight's changes.

Council Member Grose moved for approval with the additional language for Section 27, comparable to the POA, elimination of Section 10.

City Manager Plumlee requested the section be modified to include Executive Staff.

Council Member Grose stated Department Heads were not included.

City Manager Plumlee clarified Department Heads were included.

Motion/Second: Grose/Murphy

Unanimously Carried: The City Council:

1. Adopted Resolution 2014-22, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, ESTABLISHING SALARIES AND BENEFITS FOR NON-REPRESENTED EMPLOYEES AND REPEALING RESOLUTION NO. 2013-02," with the following changes:

- Section 27, add additional language comparable to the POA; and,
- Modify Section 10, for Executive Management only; and,
- bring back for further discussion, Section 5, item B2, and Section 15.

F. Exemption from Prevailing Wage (Public Works)

Since 2012, case law has supported Charter Cities who want to exempt themselves from California's prevailing wage law. The City of Los Alamitos has not taken advantage of this cost savings tool.

Community Development Director Mendoza summarized the Staff report, referring to the information contained therein, and answered questions from the City Council.

City Attorney Reisman spoke regarding SB7, that was adopted January 1 and opposed by the League of California Cities. It states in the event a City doesn't use prevailing wage by exempting itself for contracts over \$25,000, for construction and over \$15,000 for other types of contracts, the city puts itself at risk for losing state government assistance. However, a law suit by several local cities, which goes to trial on July 31, has challenged SB7 as being unconstitutional under the California Constitution. Additionally, under SB7, contracts entered into this year before December 31, 2014, are exempt from prevailing wage under this proposed Resolution. He stated this Resolution would not impact the City and would not result in loss of state funds. He advised the City could adopt the Resolution and then towards end of year, modify it to make sure new projects for next year are not impacted. He stated additional information would be available after the lawsuit is resolved.

Council Member Edgar inquired if that meant this could be adopted until December 31, and then be repealed.

City Attorney Reisman indicated future contracts may have to switch back to prevailing wage and the Resolution would most likely need to come back unless the courts repeal SB7.

Council Member Grose asked for a prediction.

City Attorney Reisman indicated the chances are good, but you never know.

Council Member Edgar stated he owns his own construction company and does not receive the benefit of prevailing wage since they are not unionized. He indicated the Council is unified in its desire for renovation and the issue was the small amount available in the Capital Improvement Project (CIP) budget. He indicated if this was approved there may be some big projects that could be reconsidered and reforecast for the total cost. He directed his question to the audience and inquired if there was any insight they could provide from their perspective.

Jim Adams indicated a service or maintenance contract may be exempt from prevailing wage and stated generally speaking his concern was asphalt, curb, and gutter. He did not believe a city would want to hire a contractor not paying prevailing wage for high organized union workers. He indicated he was not concerned about non-construction projects.

Council Member Edgar asked if this was for services only.

Community Services Director Mendoza indicated the intent of the approval tonight was for landscape and park maintenance. Staff did not see it

necessary for curb and gutter projects, but felt it would be helpful for maintenance contracts.

Council Member Grose referred to Resolution 2014-19 and inquired if landscape and park maintenance are specifically stated.

Community Development Director Mendoza answered in the negative and indicated it left the exemption open to the City Council's discretion. Council can still require prevailing wage on certain jobs.

Council Member Kusumoto stated concern the Council may forget exemption is open ended and inquired if the language could be restricted.

City Attorney Reisman answered in the affirmative and stated wording could be added to state other than construction contracts. He cautioned that would limit the Council and advised to adopt as is and apply prevailing wage to specific construction contracts.

Council Member Grose stated support for the Resolution as is.

Mayor Graham-Mejia agreed and believed the flexibility would be useful.

Motion/Second: Graham-Mejia/Murphy

Carried 4/1 (Kusumoto cast the dissenting vote): The City Council adopted Resolution No. 2014-19, entitled, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, EXEMPTING LOCALLY FUNDED PUBLIC WORKS PROJECTS FROM PREVAILING WAGE."

9. ORDINANCE

A. Ordinance Repealing Chapter 9.14 of Title 9 of the Los Alamitos Municipal Code (City Attorney)

This Ordinance would repeal Chapter 9.14 of Title 9 of the Los Alamitos Municipal Code after California Court of Appeal Rulings to the effect that identical Orange County ordinances are preempted by the extensive State legislation regulating and restricting numerous areas of the lives of registered sex offenders, which legislation occupies the field and that local legislation addressing the same are not enforceable.

City Attorney Reisman summarized the Staff report, referring to the information contained therein, and answered questions from the City Council.

Mayor Pro Tem Murphy inquired if Council did not adopt this change, would the City lose if sued.

City Attorney Reisman answered in the affirmative.

Mayor Pro Tem Murphy stated this was a practical matter and feelings did not matter.

City Attorney Reisman indicated no one wanted to repeal an ordinance that provided protection for children, but there was no room for interpretation.

Mayor Graham-Mejia asked if State law was less restrictive than the one the City had in place.

Police Chief Mattern indicated State law restricts offenders from living within a certain distance to parks and schools and conditions of probation/parole prohibit offenders from certain places.

Mayor Graham-Mejia indicated the City's ordinance restricted registered sex offenders from entering City parks. She expressed displeasure for these events.

Council Member Kusumoto recalled the Council had deliberated on this item twice and had limited the offenders to those convicted of child molestation.

Police Chief Mattern did not recall the details. Mayor Graham-Mejia indicated she believed it narrowed the scope.

Council Member Kusumoto indicated the City kept the provisions as long as it could and would heed to the advice of the City Attorney.

Motion/Second: Murphy/Grose

Unanimously Carried: The City Council:

1. Introduced, waived reading in full and authorized reading by title only of Ordinance No. 14-05, and set for second reading; and,
2. City Attorney Reisman read the title of Ordinance No. 14-05, entitled, "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, AMENDING LOS ALAMITOS MUNICIPAL CODE SECTIONS 9.14.010-060, RELATING TO THE REGULATION OF REGISTERED SEX OFFENDERS, TO ALIGN WITH STATE LAW."

10. DISCUSSION ITEMS

A. **Fund Balance Policy for the General Fund** (Finance)

This staff report is being presented to formally adopt a fund balance policy for the General Fund based upon the reserves established by City Council with the adoption of the Fiscal Year 2014-2015 Budget.

City Manager Plumlee introduced the item.

Mayor Graham-Mejia asked the difference between the General Fund and Internal Funds.

Interim Administrative Services Director Steinbrink indicated the General Fund was non-restricted funds that could be spent at Council's discretion. Internal Service Funds are set aside for a specific purpose and can only be used for that purpose.

Interim Administrative Services Director Steinbrink summarized the Staff report, referring to the information contained therein, and answered questions from the City Council.

Council Member Grose asked for clarification regarding GASB 54.

Interim Administrative Services Director Steinbrink stated that was designated in the Fund Balance Policy adopted by Council in November 2011. He clarified the policy established five fund categories, only two of which the City had, restricted assigned and unassigned. He added currently emergency reserves were the only assigned category and all other funds were in the unassigned category. This policy would assign all funds and leave only the truly unassigned funds categorized as such. He stated these reserves were not spendable, with the exception of the Los Alamitos Blvd. project.

Council Member Grose referred to Exhibit A, Emergency Reserve of 25% of the General Fund and the rationale that it would cover 30 days. He stated his understanding an adjustment in September would change the number based on the final budget, not the 25%, and tonight's goal was to approve the percentages, not the dollar figures. He reiterated the policy would not change in September, only the figures that would be allocated based on PERS actuarial and the final budget numbers.

Interim Administrative Services Director Steinbrink confirmed and clarified the Emergency Reserves would cover three months of expenses.

Motion/Second: Edgar/Graham-Mejia

Unanimously Carried: The City Council adopted Resolution No. 2014-05, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, ESTABLISHING A FUND BALANCE POLICY FOR THE GENERAL FUND."

B. Fund Balance Policy for the Internal Service Funds (Finance)

This staff report was presented to formally adopt a fund balance policy for the Internal Service Funds based upon the reserves established by City Council with the adoption of the Fiscal Year 2014-2015 Budget.

Interim Administrative Services Director Steinbrink summarized the Staff report, referring to the information contained therein, and answered questions from the City Council.

Council Member Edgar expressed appreciation for the vehicle schedule. He believed the \$40,000 allocation to rebuild the fund would not be enough and asked how the policy would be handled internally. He questioned if the City would make do with the vehicles in place until the fund had enough for replacement or if reserves would be required to fund the over allocation.

Interim Administrative Services Director Steinbrink stated the Vehicle Replacement Policy establishes the useful life of vehicles and Public Works Superintendent Brandyberry could circumvent the requirements of the policy if the equipment could be used past its expected life. He stated based on the policy \$1.2 million was needed. He clarified not all equipment needs to be replaced even though its met its useful life; however, if something critical arose, Staff would come back to Council with that request.

Council Member Edgar indicated the state of the City was fair and questioned the reality of funding \$1.2 million over the next 10 years.

City Manager Plumlee indicated an actuarial report from PERS would come back to Council annually. Council could then review the report, see where more or less funding was needed, and provide feedback and flexibility at that time. If additional reserves funds were needed or allowed to continue building, Council action would be needed.

Council Member Edgar indicated PERS figures were not considered in the past and stated support. He believed the policy was in place although the schedule was significantly off.

Mayor Pro Tem Murphy stated during the original discussion of the Garage Fund, he had asked if in the first year or two reserves would need to be used.

Council Member Edgar recalled and stated the discussion now was how to properly allocate funds.

Mayor Pro Tem Murphy stated if only \$50,000 was being put aside towards a \$1.2 million dollar problem, the problem would not be solved tonight and the discussion would need to come back within the next couple years while the fund builds.

Interim Administrative Services Director Steinbrink clarified the exact amount was unknown and would depend on how quickly the vehicles and equipment needed to be replaced. He pointed out \$120,000 was allocated to replace three vehicles in critical need and now there was an additional \$40,000. Staff believed it could function within this allocation through at least Fiscal year 15/16. He added if the City had a year where revenues exceed expenditures, the surplus could be placed into the Garage Fund.

Mayor Pro Tem Murphy stated the garage fund was underfunded.

Interim Administrative Services Director Steinbrink agreed based on the vehicle replacement policy. He added the policy was based on the passage of time and not the condition of the vehicle at the end of its useful life.

Council Member Edgar asked if replacements would occur based on the policy with or without funding or if replacements would occur up to the \$40,000.

Mayor Graham-Mejia believed that would be part of the workshop discussion.

City Manager Plumlee clarified this was the time to have a full discussion. He stated there would be a yearly allocation and Public Works Superintendent Brandyberry would have a key role in monitoring vehicles and reporting critical vehicles. Fiscal Year 15/16 would be the first year to have a charge to begin building the fund and additional funds would be needed to rebuild the fund. He pointed out it had been six years since a capital replacement charge occurred and this was the beginning of the fund renewal.

Mayor Pro Tem Murphy requested Exhibit B be updated to reflect when Staff believed the vehicles would actually need to be replaced versus when the policy indicates replacement is needed. He stated knowing

where the City stands now would be useful in determining the size of the problem in year one. He realized the City was making up for six years.

City Manager Plumlee stated the schedule was a solid inventory of everything that will need to be replaced over time.

Mayor Pro Tem Murphy believed a better number could be produced indicating where the City was at this point.

Public Works Superintendent Brandyberry stated something could be brought back at a later date. He pointed out the mileage compared to other cities is relatively low and for the first time in eleven years, all equipment has been added to the list. He stated some equipment was used every day and was still in good condition and this is where Staff would use its expertise. He indicated the schedule contained everything and was not as dire as it looks.

Mayor Graham-Mejia stated her understanding that the listed items from the budget were supposed to be workshops separate from a Council meeting where discussion could be open and less structured. She referred to Item 10A and stated she would have discussed the reserve for emergencies at that point if she had known there would not be a later workshop. She stated there were a couple of designations that could fluctuate and inquired if there was excess money where would it go and how would it be applied. She stated support for Council setting the prioritization in advance. She indicated she was not supportive of moving forward unless the entire discussion could be had regarding additional funds and category prioritization.

City Manager Plumlee indicated Council feedback and direction was wanted and advised the policy would be fluid and could be modified as needed. He indicated the actuarial report would be coming back to Council in September and that may be the appropriate time to fine tune this policy.

Interim Administrative Services Director Steinbrink advised depending on when the figures were received, it may be September or October.

Mayor Graham-Mejia indicated the surplus amount was not needed to address the policy. The policy on how the overages are applied needed to be addressed expeditiously and she stated support for a Special meeting. She stated she would like to address the policy in August and not have to wait until September.

City Manager Plumlee stated workshops could be held before the regular Council meetings like was done tonight and advised department budget presentations and the future of LATV-3 were already scheduled for

August. He advised Staff needed time to prepare the reports and scheduling them for discussion depended upon the time needed.

Mayor Graham-Mejia expressed concern that having workshops before Council meetings limited the amount of time for discussion and she preferred to have the workshops on a standalone date. She reiterated her preference for the discussion sooner rather than later and understood the importance of Staff time. She suggested sending Council the list of items to be brought forward and pulling two or three into a one day study session.

Mayor Pro Tem Murphy thought the workshops would be held on off Mondays. He suggested the eight topics be listed on one agenda and Council could move through them as time permitted each meeting. He believed Council could agree to a time frame of 6:00 to 9:00 p.m. without having a specific date.

City Manager Plumlee indicated City Clerk Quintanar would work with Council and Staff regarding scheduling.

Mayor Graham-Mejia and Mayor Pro Tem Murphy agreed the discussions should be in the format of round table workshops.

Council Member Grose stated he was unclear on which policy was being discussed and indicated he was not comfortable moving forward. He believed an overview of department budgets was unnecessary at this point unless it was planning for the Fiscal Year 15/16. He stated concern regarding the Garage Fund and believed a thorough review was needed. He referred to the schedule in Exhibit B and asked how the replacement of police cars in 2016 would be funded. He questioned allocating \$50,000 to the Garage Fund if each department was paying a percentage towards funding. He made reference to when the police fleet was switched from Crown Victorias to Dodge Chargers, and stated the original plan was to replace two cars every year over a three year period. He recalled two cars were totaled in one year. He asked if each department was charged a percentage based on the amount of vehicles utilized.

City Manager Plumlee answered in the negative and stated the fund needed to be replenished and rebuilt. He clarified the \$50,000 would be used to build the fund back up and Council approved replacement of two vehicles in the Fiscal Year 14/15 Budget which would draw down that balance. He reiterated \$1.2 million is needed to be in line with the replacement schedule.

Council Member Grose stated he understood and questioned if that was a hypothetical number.

City Manager Plumlee stated it was the estimated cost to replace the current vehicles and equipment.

Council Member Grose believed not all vehicles needed to be replaced this year or next. He questioned where the \$50,000 to build the fund was coming from. He stated the purpose of the policy was to set aside a portion every year so that the money would be available when vehicles needed to be replaced.

City Manager Plumlee clarified that would be the practice when the fund was at a healthy level.

Council Member Grose asked if departments were being charged a portion for vehicles this year or if Staff would be asking for an additional \$100,000 in Fiscal Year 15/16.

City Manager Plumlee explained replacement of vehicles would be done with a combination of sources including surplus. He stated surplus allocation would be part of the policy discussion and that surplus and excess emergency reserve could possibly be used to replenish the Garage Fund. He clarified Fiscal Year 14/15 did not include replenishing the fund; that would start in Fiscal Year 15/16 with the \$50,000.

Council Member Grose asked if each department would have a specific amount in Fiscal Year 15/16.

City Manager Plumlee stated a schedule would be created to build up the fund over time.

Council Member Edgar believed this item had a sense of urgency since an allocation amount could not be given. He supported a round table discussion to give Staff clear direction and allocating \$50,000 to the fund.

Council Member Grose stated this was a positive step that had not taken place in six years.

Council Member Edgar stated it was unfair to state it had not been done in six years. He stated the Garage Fund had been funded as needed and at a minimum operations and maintenance had remained in place. He stated the challenge would be for the departments to absorb the allocation moving forward.

Mayor Graham-Mejia stated these discussions should be in workshops and reiterated she was not comfortable moving forward without a full discussion. She stated support for continuing the item to a workshop to bring a complete policy forward.

Mayor Graham-Mejia stated we would not know until down the line and the intent was to start saving for the CIP now. She indicated there was nothing tangible at this time.

Mayor Graham-Mejia made a motion to continue discussion to a workshop setting to address each issue.

Council Member Kusumoto asked if the motion was for item 10A or 10B.

Mayor Graham-Mejia stated a preference for discussing both items in a workshop.

Motion/Second: Edgar/Kusumoto
Schedule item 10A for a future workshop in an expeditious manner.

Interim Administrative Services Director Steinbrink stated there would not be new information to discuss on item 10A until the actuarials from PERS are received.

Council Member Grose asked if anything was changing.

Interim Administrative Services Director Steinbrink indicated the policy was purposely vague on dollar amount because Staff understood it would have to come back to Council in September or October with an actual dollar amount.

Mayor Graham-Mejia clarified she was not looking at the amount. Her concern was if the amount went above and beyond, how does that surplus get prioritized among the different projects/funds.

Interim Administrative Services Director Steinbrink stated he understood and added it was easier to decide where to put the money once the surplus is known.

Mayor Graham-Mejia stated she wanted to have a prioritization list in place. She indicated consciously making the decisions regarding project priorities was needed. Having such would enable Council to consider decisions regarding surplus spending based on prioritized projects.

Interim Administrative Services Director Steinbrink believed the amount would be substantial based on estimates.

Mayor Graham-Mejia stated there was potential for some flexibility and reiterated a policy for prioritization needed to be in place and dollar amounts were not needed.

Interim Administrative Services Director Steinbrink understood and clarified there would not be any changes to dollar amounts before the next meeting.

Council Member Grose stated Exhibit A established percentages.

Mayor Graham-Mejia confirmed.

Council Member Grose stated by adopting 10A, the percentages had already been established.

Council Member Edgar indicated the question is where the excess money goes.

City Manager Plumlee stated the workshop could include prioritization of surplus funds.

Council Member Grose indicated the percentages are in place and adopted with item 10A. He stated support for that and indicated when the dollar amounts change to match the percentages, a discussion would be needed.

Mayor Graham-Mejia stated she was not comfortable having the discussion regarding surplus and budget fluctuations without the Council establishing its priorities first.

Council Member Grose believed that would be another policy and questioned why that would be discussed with Exhibit A.

City Manager Plumlee summarized the Council could discuss the prioritization of surplus funding without knowing the exact funding levels. He gave an example that if there was additional money from PERS, Council would have to prioritize where those funds would go. He agreed this discussion would be appropriate at a workshop.

Council Member Kusumoto indicated item 10A had approved the reserve policy. He asked if Council were to reconsider the item at a workshop, there would be no surplus below or above the allocated percentages.

Interim Administrative Services Director Steinbrink stated that was correct.

Council Member Kusumoto stated his understanding it was a number that would fluctuate with each fiscal year and Council needed to decide what would happen when there was not enough money.

Mayor Graham-Mejia clarified she was discussing the surplus.

City Manager Plumlee suggested Council leave item 10A as approved, but consider the policy further at a workshop. He indicated different scenarios, surplus, Garage Fund, and critical natures could be discussed.

Council consensus was reached to leave item 10A as approved.

Motion/Second: Graham-Mejia/Edgar

Unanimously Carried: The City Council postponed consideration until a workshop could be scheduled.

11. MAYOR AND COUNCIL INITIATED BUSINESS

A. Council Announcements

Mayor Graham-Mejia spoke regarding the following items: support for helping the American soldier who was being detained in Mexico and attendance at the Orange County Vector Control.

Council Member Kusumoto reported attendance at the Orange County Fire Authority meeting and reported appointment to the Ad Hoc Committee for the selection of the next Fire Chief.

Council Member Edgar spoke regarding the following items: final duties with the Orange County Sanitation District; SB346 was signed and availability to meet with Council Member Kusumoto if wanted; attendance at the 4th of July Fireworks Spectacular; support for discussion regarding firework display location versus safe and sane fireworks; attendance at the Building Dedication for Sgt. Nakamura at the Joint Forces Training Base.

Mayor Pro Tem Murphy spoke regarding attendance at the 4th of July Fireworks Spectacular.

Council Member Grose stated a list of events attended could be found at www.losal.net and advised of the upcoming 40th Infantry Change of Command Ceremony to be held on August 10.

12. ITEMS FROM THE CITY MANAGER

City Manager Plumlee advised of the upcoming National Night Out to be held on August 5th.

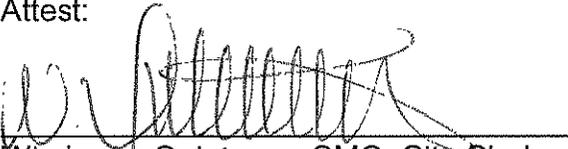
13. **ADJOURNMENT**

The City Council adjourned at 9:05 p.m.



Gerri L. Graham-Mejia, Mayor

Attest:



Windmer Quintanar, CMC, City Clerk