

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

**SPECIAL MEETING – February 16, 2016**

**1. CALL TO ORDER**

The City Council met in Special Session at 5:07 p.m., Tuesday, February 16, 2016, in the Council Chamber, 3191 Katella Avenue, Mayor Murphy presiding.

**2. ROLL CALL**

**Present:** Council Members: Edgar, Grose, Kusumoto,  
Mayor Pro Tem Hasselbrink, Mayor Murphy

**Absent:** Council Members: None

**Present:** Staff: Bret M. Plumlee, City Manager  
Cary S. Reisman, City Attorney  
Jason Al-Imam, Administrative Services Director  
Tony Brandyberry, Public Works Superintendent  
Sean Connelly, Police Captain  
Corey Lakin, Recreation and Community Services Director  
Eric R. Nuñez, Chief of Police  
Rick Moore, Police Captain  
Windmera Quintanar, CMC, City Clerk

**3. SPECIAL ORDERS OF THE DAY**

**A. Online Financial Data Transparency Portal**

Discuss the recently-completed online financial data transparency portal that provides users the ability to view and analyze the City's revenues and expenditures directly via the internet.

Administrative Services Director Al-Imam gave an online presentation for the City's new financial data transparency tool.

Council Member Grose asked if there was a way to add additional footnotes for increases and exceptions so residents would not need to contact Staff. He asked if Staff would notify Council on the category and departments that the community is focused on.

Administrative Services Director Al-Imam advised that capacity was not available; however, should the same question arise, Staff could figure out how to incorporate the information. He advised Council would be notified and continued the presentation.

Council Member Edgar questioned if these requests would qualify as Public Records Requests and stated concern this would indirectly create another full time job.

Administrative Services Director Al-Imam suggested waiting to see what the response from the public was. He added many larger cities are using the product and it is a time saver for staff since the program provides data to users in an easier to understand manner. If it does become burdensome Staff would bring that information to Council for further consideration.

Council Member Edgar stated it was a great tool for the community, but stated concern for the commitment to the community to respond and the turnaround time.

Council Member Grose stated support for the item and added it provide transparency to the community. He encouraged Staff to do a press release advising the community this program was available. He stated it would be beneficial for everyone to be better educated and informed on the how the budget was put together.

**B. Mid-Year General Fund Budget Review for Fiscal Year 2015/16 and Preliminary General Fund Budget for Fiscal Year 2016/17**

This report provided the City Council with a Mid-Year General Fund budget and financial update for the Fiscal Year 2015/16. The report also makes recommendations for budget amendments for Fiscal Year 2015/16 and provides a preliminary budget for the General Fund for Fiscal Year 2016/17.

City Manager Plumlee introduced the item. Administrative Services Director Al-Imam summarized the Staff report, referring to the information contained therein, gave a PowerPoint presentation, and answered questions from the City Council.

Council Member Grose questioned the City Attorney's budget and recalled Council had agreed to lower the budget from \$150,000 to \$100,000.

Administrative Services Director Al-Imam advised the \$50,000 had been moved to a separate line item that would need Council's approval to transfer.

Council Member Grose recalled that was correct.

Administrative Services Director Al-Imam continued the presentation.

Council Member Grose referred to the \$142,000 variance in the Police Department and questioned if the budgeted amount could be left as is, and the difference applied towards the 800 MHz or CAD systems.

Administrative Services Director Al-Imam clarified the budget surplus was projected for fiscal year 15/16 and that Staff recommends that the surplus be carried-over to 2016/17 to bridge the projected budget gap in fiscal year 16/17. He briefly outlined the possibility of withdrawing from California Joint Powers Insurance Authority (CJPIA) and using the surplus

towards self funding. He gave a brief overview of the Police Capital Fund, Facilities, Streets and Parks Capital Expenditures Fund and the Vehicles and Equipment Fund and pointed out that additional funding for capital replacement was not recommended at this time and therefore capital replacement charges had not been included in the Preliminary General Fund Budget for 2016/17. He advised that several police vehicles are expected to be recommended for replacement in 2016/17 based on their condition and in accordance with the City's vehicle replacement policy. However, he added that Staff was looking into the possibility of financing the vehicles, which would spread the cost of the vehicles over the useful life of the related vehicles. It was explained that if the City financed these vehicles with a four-year capital lease, the annual debt service on the capital lease would be approximately \$58,000 and that the Vehicles and Equipment Fund is projected to have sufficient funds in 2016/17 to cover the annual debt service. It was explained that Staff plans to discuss with the City Council the 2016/17 capital improvement plan and vehicle replacements during a budget workshop in May 2016.

Council Member Grose stated concern the Police Capital Fund was established only for the 800 MHz and RMS/CAD Systems.

Administrative Services Director Al-Imam advised the only amounts paid from that fund so far related to the 800 MHz project, which includes the purchase of "hot red mobile radios" that was approved by the City Council last year.

Council Member Grose requested a status on the specific policies Council had established, the current status, and what payments had been made.

Administrative Services Director Al-Imam advised tonight's meeting was primarily focused on the General Fund's operating revenues and expenditures and while a brief overview had been provided on the City's capital needs that a more detailed review of the City's capital needs including the capital improvement program and vehicles and equipment would be brought back to the City Council for further discussion in May 2016.

Council Member Edgar agreed surplus should not be used to fund the budget. He referred to page 3 of the Staff report and stated concern for the ongoing capital maintenance cost of the pool when there was no agreement in place. He questioned if Staff had requested reimbursement from the Morale, Welfare, and Recreation (MWR) program at the Base for pool repairs. He stated pool costs were budgeted at \$40,000 and questioned if that was an accurate number and how much was spent at the pool this year.

Community Services Director Lakin advised it was approximately \$25,000-30,000, and gave a brief overview of the repairs.

Council Member Edgar questioned how much was lost in revenue.

Community Services Director Lakin stated the biggest number is the user group rentals which on average were \$10,000-15,000 a month. He advised there had been a decline in swimming lessons, partly due to weather.

Council Member Edgar stated support for empowering Staff to provide as many services as possible within budget. He stated concern that \$400,000 of the Recreation revenue would end when MWR took over operations of the pool and he did not want to see the City subsidize the program. He believed a healthy discussion regarding continuing at the pool was needed.

Administrative Services Director Al-Imam continued the presentation.

Council Member Grose stated concern that the last three years Council was faced with a gap closure. He stated a preference for starting with a balanced budget and having a list of items Staff would like to accomplish for Council's approval.

Administrative Services Director Al-Imam advised he understood the concern, but felt the next slides would help clarify the numbers.

Council Member Edgar advised Staff had proposed a budget and the Budget Ad Hoc Committee wanted the Council to have the ability to choose which items were important. He believed the items before Council tonight were interesting and needed discussion.

Council Member Grose stated concern a trend of over budgeting was being set. He reiterated his preference for a balanced budget and a wish list for Council's approval.

City Manager Plumlee advised it was unusual to have this clear of a budget picture at this point in time and Staff wanted to provide the information early. He advised this was a fluid process and would be changing continuously.

Council Member Grose found it helpful last year when each department gave a presentation on where it was so the Council could help prioritize where the City was headed.

City Manager Plumlee advised since the groundwork was done last year; the Department discussions would be consolidated into one meeting moving forward.

Administrative Services Director Al-Imam advised the current deficit was largely due to increases in salaries and benefit costs, including PERS costs, along with increases in retiree health costs and insurance premiums. He advised of Staff's desire to hold a strategic planning goal session in April.

Mayor Murphy agreed it was negative to start with a deficit and made it difficult to fund other projects. He agreed a balanced budget should be considered first with additional items could be whittled down.

Administrative Services Director Al-Imam continued the presentation.

Council Member Edgar questioned if the pool programming had been decreased based on circumstances and pointed out the proposal from the Base had not been received.

Community Services Director Lakin advised there was an item on the Regular agenda tonight to discuss the pool in detail. He stated as long as the City maintained the proper ratios and minimums, programming would continue to operate or classes would be reduced.

Mayor Murphy advised the discussion would resume after the Regular meeting.

### **RECESS**

The City Council took a recess at 5:56 p.m.

### **RECONVENE**

The City Council reconvened at 10:11 p.m.

Administrative Services Director Al-Imam continued the presentation at Fiscal Year 16/17 Revenue Forecast.

Mayor Murphy questioned if there would be a savings for prepaying PERS.

Administrative Services Director Al-Imam stated yes and briefly explained the 3.55% savings for prepayment had been included in the budget.

Council Member Edgar questioned if surplus money or operating money was being used.

Administrative Services Director Al-Imam advised this payment would not affect the budget and briefly explained the cash flow differences throughout the year.

Council Member Edgar confirmed the surplus funds would not be used and the payment would be managed within the City's cash flow. He stated opposition to using surplus carryover to balance the budget.

Administrative Services Director Al-Imam explained the possibility of using the surplus as seed money should the Council wish to withdraw from CJPIA and become self funded. The surplus could be moved to a trust fund to help reap benefits in future years with lower premium expenses.

Council Member Edgar asked how the \$16,000 of pool rent (which was discussed earlier in the evening during the regular meeting) tied into the \$130,000 of pool expense reflected on the chart (slide 12), and questioned if senior management's time was included.

Administrative Services Director Al-Imam advised that the \$130,000 consisted of \$16,000 of pool rent expense along with approximately \$100,000 for amounts paid to part-time water safety instructors, which included no overhead or senior management time.

Council and Staff discussed that pool programs would only be offered if there were enough registrants. Pool programming would continue to reduce in hours to ensure the City could maintain a break even budget.

Mayor Murphy stated the \$60,000 surplus could go into the General Fund and the Council could make a conscious decision to spend that money in the future. He stated there was time to discuss options.

Council Member Edgar stated Staff had done a great job having this level of detail in February.

Administrative Services Director Al-Imam continued the presentation.

Council Member Edgar referred to the projected unfunded pension liability, page 19, and stated the un-forecasted \$683,000 had been absorbed in the budget. He questioned what the message to the public should be.

Administrative Services Director Al-Imam advised the operating expenditure line shows an upward climb year after year. He stated if the City was able to pay down its pension liabilities, a savings would be realized by avoiding 7.5% interest. He indicated this item would come before the Budget Standing Committee for further discussion and consideration.

Mayor Murphy pointed out the increases were cumulative and the accumulated annual increase for two years was \$425,000. He stated the issue would have to be discussed and stated concern for the annual increases.

Council Member Grose referred to page 19, and stated the reserves have dropped from fiscal year 13/14. He understood the logic in prepaying PERS, but cautioned should the City become self funded for liability insurance, reserves would be needed. He questioned if Council could chance the liability with upcoming PERS increases.

City Manager Plumlee advised the drop in reserves in fiscal year 2014/15 was due to the Fund Balance Policy Council adopted and the internal

service funds that were established, which moved \$1.1 million to two new funds in Fiscal Year 2014/15.

Administrative Services Director Al-Imam gave a brief overview of the internal service funds.

Council Member Grose questioned where the \$900,000 from the bond refinance was reflected.

Administrative Services Director Al-Imam advised that the \$900,000 was held in a debt service fund and the bond proceeds were restricted. The proceeds were not reflected here as this was a discussion on the General Fund operating revenues and expenditures.

Administrative Services Director Al-Imam gave an overview of the budget calendar and asked for Council's direction on Staff's recommendations.

Council Member Edgar stated support for items 1 and 2, and opposed use of the reserves.

Mayor Murphy confirmed consensus was support for items 1 and 2, and opposition to use of the reserves.

Council Member Grose questioned the funding for the School Resource Officer (SRO).

Administrative Services Director Al-Imam advised the SRO was under the umbrella of school safety. The City pays \$225,000 in school safety related costs with Seal Beach and Los Alamitos Unified School District (LAUSD) providing \$80,000 of those costs. The City's desire was to be closer to a 50/50 split share.

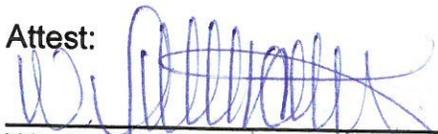
Council Member Hasselbrink questioned if Rossmoor contributed towards the expense.

City Manager Plumlee advised an upcoming meeting was scheduled with the Rossmoor Community Service District's General Manager, Seal Beach, and LAUSD to discuss the topic.

#### 4. **ADJOURNMENT**

The City Council adjourned at 10:52 p.m.

Attest:

  
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Windmera Quintanar, CMC, City Clerk

  
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Richard D. Murphy, Mayor