

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

**SPECIAL MEETING – May 16, 2011**

**1. CALL TO ORDER**

The City Council met in Special Session at 5:02 p.m., Monday, May 16, 2011 in the Council Chambers, 3191 Katella Avenue, Mayor Stephens presiding.

**2. ROLL CALL**

**Present:** Council Members: Graham-Mejia, Kusumoto, Poe  
Mayor Pro Tem Edgar, Mayor Stephens

**Absent:** Council Members: None

**Present:** Staff: Jeffrey L. Stewart, City Manager  
Anita Agramonte, Finance Manager  
Angie Avery, Community Services Director  
Dave Hunt, City Engineer  
Adria M. Jimenez, City Clerk  
Todd Mattern, Police Chief  
Steven Mendoza, Community Development Dir.  
Tony Brandyberry, Public Services Supt.

**3. ORAL COMMUNICATIONS**

At 5:04 p.m., Mayor Stephens opened Oral Communications. Having no one come forward to speak, Mayor Stephens closed Oral Communications.

**4. SPECIAL ORDERS OF THE DAY**

**Review of the Proposed Fiscal Year 2011-12 Operating Budget**

This report provides the City Council with the preliminary Fiscal Year 2011-12 Proposed Operating Budget.

Jeff Stewart, City Manager, provided opening comments and stated Ms. Agramonte, Finance Manager, will review and discuss, in detail, items related to the City's budget.

Ms. Agramonte advised she will review the proposed General Fund Revenues and Expenditures. Ms. Agramonte advised follow-up items, which included Laurel Park Debt Service, GASB 45, Internal Service Funds, Capital Improvement Fund possible consolidation, Revised Seven Year CIP, and any items from tonight's meeting will be addressed at the June 6<sup>th</sup> meeting.

Ms. Agramonte advised the City is projecting a small increase in the City's main revenue sources and provided information on the following revenue fund categories:

**Property Tax** represents 27.5% of General Fund revenues. Property tax revenues have continued to increase and an additional 2% increase is projected for Fiscal Year 2011-12. This revenue category includes secured, unsecured, lighting and landscape, supplemental, prior years, property in-lieu of VLF, and property transfer tax.

**Sales Tax** represents 20.4% of General Fund revenues. Receipts in this category are projected to increase about \$89,000 over last fiscal year. \$75,000 of this increase is attributed to the negotiated sales tax guarantee built into the City's refuse disposal contract. An additional 2% increase is attributed to projected economic growth in the City, however, this is reduced by a negative \$20,000 projected "triple flip" adjustment anticipated in Fiscal Year 2011-12.

**Transient Occupancy Tax** increased in FY 2010-11, and are projected at \$82,000 for FY 2011-12.

**Utility Tax** represents 19.1% of the City's General Fund. This revenue source is projected to show a minimal increase of \$13,000. The City collects 6% utility user tax on electricity, natural gas, telephone and water utilities. This revenue stream has remained fairly level with the prior year, showing only a slight, less than 1%, overall increase for FY 2011-12.

**Franchise Fees** is projected to increase by 1.6% in FY 2011-12. Fees are assessed on electricity, gas, water, waste disposal, and cable television in the City.

**Business Licenses** are projected to show a 1.3% CPI increase.

**Licenses and Permits** have declined 14% FY 2010-11. A slight \$8,000 increase is projected in this revenue category for FY 2011-12.

**Fines and Forfeitures** are revenues collected from traffic and vehicle code violations. FY 2011-12 is projecting \$570,500 in revenues.

**Recreation Service** revenues are projected at \$1,176,000 remaining level with the prior fiscal year. Estimates include revenues from services related to the operation of the pool which was incorporated into the General Fund.

**Investment Earnings** have continued to decline as LAIF interest rates are at an all time low 0.51% as of March 2011. It is projected that interest rates will increase slightly in FY 2011-12; \$30,000 in revenues is projected.

**Revenues from Other Agencies or Intergovernmental** revenues are revenues from grants, motor vehicle in lieu revenues and other reimbursements. Revenues are estimated at \$57,600.

**Miscellaneous Revenues** accounts for one-time revenue items such as the sale of property, insurance reimbursements, funds collected for damages to city property and other miscellaneous receipts. The City received \$250,000 from the sale of the street sweeper, and \$128,400 in workers compensation insurance reimbursements. This category is projected to total \$60,000 in FY 2011-12.

The **Transfer In** category accounts for transfers from other funds to offset operational expenditures. For FY 2011-12 it is projected that the general fund will receive transfers in from the Gas Tax Fund (\$177,000) for the allowable gas tax contribution to the City's street maintenance program, the Public Safety Augmentation Fund (\$82,031) to partially offset the cost of Police Services, the Supplemental Law Enforcement Services Fund (\$33,737) and the Office of Traffic Safety Fund (\$88,505) to partially offset the cost of the Police Department motor officer program and other expenditures pertaining to traffic safety programs.

### **General Fund Expenditures**

Ms. Agramonte reviewed General Fund Expenditures. She noted that departmental expenditures are projected to increase slightly with a total requested budget of \$11,170,442 from the original budget of \$10.407 million. She noted that this does include the \$90,000 for the Los Alamitos Blvd. Revitalization Project.

Ms. Agramonte reviewed the below departmental expenditures highlights and changes:

**Administration** consists of City Council, City Manager, Administrative Services, and City Attorney. Total requested budget for City Administration for FY 2011-12 is \$1,285,243. This represents a \$101,597 decrease over the FY 2010-11 budget. This includes savings from the proposed reorganization of the Administrative Services Division, as well as the proposed replacement of the full-time Department Secretary position with a part-time Department Secretary.

**Police** has several divisions: Administration, Patrol, Investigation, Records, Communications Technology, Community Outreach, Youth Programs, Traffic, and Emergency Preparedness. For FY 2011-12 the Police Department is requesting \$5,138,088. This represents a 3.98% increase or \$196,695. The increases are due to: 1) the omission of a vacant Police Officer position in the previous budget; 2) negotiated MOU adjustments; and, 3) West Comm Share \$15,000 contract reduction.

**Community Development** divisions include: Administration, Planning, Neighborhood Preservation, Building Inspection, and NPDES. The total requested budget for FY 2011-12 is \$643,505, which is a 14.65% or \$82,247 increase when compared to last fiscal year. The increase is due to the proposed reinstatement of the Department Secretary position and a projected \$25,000 increased in the NPDES contract.

**Public Works** is broken down into four divisions: Administration, Street Maintenance, Building Maintenance, and City Engineer. Requested for FY 2011-12 is \$1,566,077, which is an increase of \$14,816. Savings will be realized from the elimination of street sweeping. There are slight increases in operating line items; and, the line item for street repairs resulting from accident damages to City property was re-established.

**Recreation and Community Services** divisions are: Administration, Community Services, Day Camp, Playgrounds, Sports, Special Classes, and Special Events. For FY 2011-12 the Recreation Department is requesting \$1,597,862, which is a \$61,264 increase. This represents a proposition to reinstate the second Recreation Supervisor position. In order to offset the costs of this position, the department has recommended commensurate reductions in part-time staffing and other expenditure line items, as well as several proposed revenue enhancements.

Mayor Pro Tem Edgar referred to the Parks, Recreation and Cultural Arts Committee Meeting Minutes and asked for information regarding a recent committee report which outlined 13 items the committee would like to reinstate as part of the budget process.

Angie Avery, Community Services Director, advised that the committee has applied careful thought and analysis to budget cuts in the past years. The Committee agreed on many items but was not able to bring back a confirmed list. The department was able to increase revenues and will be using their recommendations as a guideline. Currently, the Recreation and Community Services budget is off-set by 74% of department revenues.

**Insurance/Other** is projected at \$727,000 in FY 2011-12.

**Transfers Out** are proposed at \$212,667 to pay for the Laurel Park Certificates of Participation.

Ms. Agramonte advised overall the General Fund is projecting expenditures totaling \$11,138,955, a 2.05%, or \$223,755 increase from last year. She further stated that staff estimates that the General Fund will complete the current year with a \$898,362 surplus. Of this, \$571,000 is derived from one-time sources that are not projected to recur in future years. For Fiscal Year 2011-12, a \$79,551 surplus is projected. This projection includes \$165,000 in one time resources derived from proposed transfers from special revenue funds and insurance reimbursements.

Mayor Pro Tem Edgar asked Ms. Agramonte to provide details in regards to the proposed \$898,362 surplus.

Ms. Agramonte advised \$600,000 savings was realized at Mid-Year; \$175,000 was a transfer from the Pool Fund; and, the remaining savings were realized in departmental expenditure reductions.

Ms. Agramonte reviewed a comparison chart of General Fund Revenues to Expenditures from FY 2005-06 through FY 2011-12. FY 2005-06 was the first year that the Certificate of Participation Bonds were issued for the acquisition of Laurel Park and approximately \$2 million was transferred to the Capital Projects fund for the purchase.

In FY 2007-08 the budget adopted a \$600,000 General Fund deficit. This is the year the City joined the CJPIA and \$637,000 was budgeted, representing a \$200,000 increase in insurance costs over prior year's costs. The Police budget increased by over \$700,000 due to MOU negotiations. \$267,000 was transferred to the Technology Fund for the purchase of the new Finance Software; and, \$426,000 was transferred to the Garage Fund for vehicle and equipment purchases.

Ms. Agramonte noted in both FY 2008-09 and 2009-10, revenues exceeded expenditures in spite of drastic revenue declines.

Ms. Agramonte referred to a General Fund Balance bar graph and noted the fund balance is projected to increase to \$7.1 million in FY 2010-11 and reach \$7.2 million in FY 2011-12.

Ms. Agramonte reviewed additional items for Council consideration which included the School Resource Officer position, banners on City streets, Christmas decorations, Website upgrade, and Web Streaming of Council Meetings.

Mr. Tony Brandyberry provided information regarding the banners on City streets and stated approximately \$50,000 is needed for infrastructure to support the banners; banners costs are approximately \$800 - \$1,000 per banner; and, it is approximately \$200 for installation costs per banner per side.

Council Member Kusumoto inquired as to the location and the number of banners (Los Alamitos Blvd. or Katella Ave.) and, also asked if the banners would be used for internal (City) purposes as well, such as recreation events. Council Member Kusumoto asked if there would be a return on the investment of banners if the City publicized events.

Ms. Avery advised she does not believe there is a necessity for additional publicity for the City's Parks and Recreation events. And, at this time it would be hard to quantify.

Additional discussion ensued regarding banners on City streets.

Council Member Poe asked for information on the Christmas decorations and why the estimate was so high.

Ms. Avery provided information on the proposed Christmas decorations for the City. The estimate is approximately \$25,000 and Ms. Avery provided a cost break-out for refurbishment and replacement and new banners and decorations.

Council Member Graham-Mejia requested additional information on why it is more for new banners. She stated she liked the idea, but does not believe it is something the City can afford.

Ms. Avery advised the estimate is more for new banners because it is a lease program.

Mayor Pro Tem Edgar stated he does not have an issue if the City Council chooses not to consider this item. Mayor Pro Tem Edgar inquired as to permission requirements for hanging banners on Katella Avenue.

Mr. Hunt stated portions on Los Alamitos Blvd are owned by the City and the City can hang banners at those locations; however, on the streets where the right-of-way carries back and forth, the City would need to obtain permission. On Katella Ave., the City owns all but one lane on the north side and there are sections where we own the whole street; however, again we would have to be on the western side. The City would have to be selective of where the banners are placed.

Mayor Pro Tem Edgar stated he is supportive of funding the School Resource Officer; the website upgrade and possibly web streaming using LATV franchise fees.

Mayor Stephens confirmed what Transient Occupancy Taxes (TOT) are; and, inquired if red light camera traffic citation funds are included in Fines and Forfeitures.

Chief Mattern responded in the affirmative and advised the City is in year six of the program. The Police Department has seen a steady decline in violations.

Mayor Stephens inquired why is there a decrease in the West Comm contract.

Mr. Stewart advised there is a recommendation to decrease the contract by \$15,000.

Mayor Stephens stated he believes the School Resource Officer is important and asked if it is possible to obtain corporate sponsorship for the funding of banners.

Mr. Stewart advised banner sponsorships create possible free speech issues for the City.

Council Member Graham-Mejia inquired as to the amount of the grant for the School Resource Officer, and why is the recommendation for funding the position for nine months.

Chief Mattern advised the grant amount is for an entry-level police officer position, \$108,000, for the first three years; the City will have to fund in year four and beyond.

Mr. Stewart advised the City is recruiting now for the position which will be hired in September/October when school begins.

Council Member Graham-Mejia asked how many police officer positions are currently unfunded.

Chief Mattern advised there are currently two positions unfunded.

Council Member Graham-Mejia stated the City should consider the banners in the future when funding is available; she is supportive of upgrading the City's website and web streaming of Council Meetings.

Council Member Kusumoto asked if there are any liability issues with the banners. Council Member Kusumoto stated he is supportive of the School Resource Officer and updating the City's website. In regards to the Christmas decorations, he stated he is not sure of the value.

Council Member Poe stated she is supportive of the School Resource Officer, but believes, the City should not have to bear the entire costs; it should be split between the local cities and the school district. Council Member Poe stated she was not in favor of spending funds on the banners. She stated she did not know the Christmas decorations would be so expensive and stated it may be a possibility to have businesses, organizations, or individuals sponsor the decorations. She stated she was in favor of the website upgrade.

Mayor Pro Tem Edgar recommended funding 1/3 of the School Resource Officer.

Mr. Stewart recommended holding off on funding the position until the grant awards are distributed.

Mayor Pro Tem Edgar asked for information on the City's contract with California Joint Powers Insurance Authority and requested the City research other insurance options.

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Council Member Graham-Mejia inquired about the following: fencing at Orville Lewis Park; phone notification system; license & permits; using surplus funds to provide additional services to assist residents; Utility Users Tax; addition of City staff; a City Investment Plan; and, reorganization of the Finance Department.

Mr. Stewart stated the fencing at Orville Lewis Park has been funded and provided costs. He addressed the addition of City staff, and provided information on the reorganization of the Finance Department.

Chief Mattern advised information regarding the phone notification system will be provided at the next budget meeting.

Council Member Kusumoto requested projections for utility companies on UUTs.

Mr. Stewart advised the City is trying to obtain detailed information on trends from the utility companies.

Council Member Kusumoto asked for a break-down of what is included in the Administration Department budget, specifically the City Clerk's budget.

Ms. Agramonte advised the City Clerk is included in the City Manager's budget.

Council Member Poe commented on the NPDES contract increase of \$25,000 and stated it continually increases and believes the businesses have not had good education on NPDES.

Council Member Poe inquired as to the Summer Park Programs in the City.

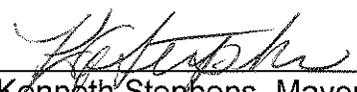
Ms. Avery advised there are two parks that host summer programs: Orville Lewis and Little Cottonwood Parks.

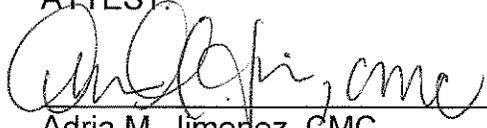
Council Member Graham-Mejia stated that if the City does have surplus funds she would like to see that money go back to the park programs.

Mr. Stewart advised these follow-up items will be reviewed at the next budget meeting: Laurel Park Debt Service, GASB 45, Internal Service Funds, Capital Improvement Funds, and Revised Seven-Year Capital Improvement Plan.

**5. ADJOURNMENT**

Mayor Stephens adjourned the meeting at 6:38 p.m.

  
Kenneth Stephens, Mayor

ATTEST:  
  
Adria M. Jimenez, CMC  
City Clerk