

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

SPECIAL MEETING – May 4, 2015

1. CALL TO ORDER

The City Council met in Special Session at 6:04 p.m., Monday, May 4, 2015, in the Council Chamber, 3191 Katella Avenue, Mayor Murphy presiding.

2. ROLL CALL

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

Absent: Council Members: None

Present: Staff: Bret M. Plumlee, City Manager
Cary Reisman, City Attorney
Jason Al-Imam, Admin. Services Director
Tony Brandyberry, Pub. Works Superintendent
Dave Hunt, City Engineer
Corey Lakin, Community Services Director
Todd Mattern, Police Chief
Steven Mendoza, Community Development/Public
Works Director
Rick Moore, Police Sergeant
Cassandra Palmer, Support Services Manager
Windmera Quintanar, CMC, City Clerk

3. SPECIAL ORDERS OF THE DAY

A. Interview Applicants for the Cable Television Commission

This report provided relevant information by which the City Council may appoint members to the Cable Television Commission.

The City Council interviewed applicants Marilyn Poe and Robert Wahlstrom for the Cable Television Commission.

Mayor Murphy stated both applicants were qualified. He asked if it would be possible to postpone appointment and bring back for consideration increasing the Cable Television Commission to 7 members.

Mayor Pro Tem Edgar stated support for considering a 7 member Commission.

Motion/Second: Murphy/Edgar

Motion: Postpone appointment and bring back for consideration increasing the Cable Commission to 7 members.

City Attorney Reisman advised a motion could be made to continue appointment to the next regular meeting and add an item to consider expanding the Commission to 7 members.

Mayor Murphy clarified it would be a continuation of tonight's process as the applicants had already been interviewed.

City Clerk Quintanar explained it would take a code amendment adopted by ordinance. There would be a first reading, adoption, and then the change would become effective 30 days after adoption.

City Attorney Reisman advised the first thing would be to expand the Commission to 7 members. He stated Council could postpone appointment until the change occurs in sixty plus days or it could appoint one applicant now.

Council Member Grose made a substitute motion to appoint to the vacancy now and start the process to consider expanding the Commission. He indicated his preference to not hold off appointment through the code modification process. He stated preference for appointing one applicant tonight with the understanding that the other applicant would be considered should the code change.

Council Member Kusumoto seconded the motion and stated he supported the intent, but preferred to see an appointment from the two great candidates.

Substitute Motion: Grose/Kusumoto

Carried 3/2 (Edgar and Murphy cast the dissenting votes): The City Council voted to appoint an applicant tonight and move forward with the process to consider increasing the Cable Television Commission to a 7 member Commission.

Mayor Pro Tem Edgar believed both candidates were equally qualified and questioned if there was some order of preference that the Council was looking for.

Council Member Grose stated the motion was clear one applicant would be appointed tonight and one applicant would be appointed when the code was modified. In the meantime, a 7th member would be recruited.

City Attorney Reisman pointed out the Commission did not need to be expanded to 7 should and both applicants could be appointed should the Council elect to remove a standing member.

City Clerk Quintanar passed out the Indications of Support.

City Clerk Quintanar read the Indications of Support for the Cable Television Commission aloud: Marilyn Poe – 3 and Robert Wahlstrom – 1.

Mayor Murphy asked if one Indication of Support was blank. City Clerk Quintanar confirmed.

Council Member Kusumoto asked Ms. Poe her thoughts on the motion presented.

Ms. Poe indicated it was interesting. She indicated the issue with LATV was the loss of franchise fees.

- B. Los Alamitos Unified School District/City Working Group Committee**
At its December 15, 2014 meeting, the City Council determined the Los Alamitos Unified School District/City Working Group Committee was a Standing Committee and subject to the Brown Act.

Mayor Murphy opened the item for public comment.

Diana Hill, resident and School Board Member, stated support for having an opportunity to discuss issues related to both parties and stated appreciation for the City attempting to make the committee work for all involved. She advised either a Board Member or a Student Ambassador would be present at all Council meetings to provide updates during public comment.

Mayor Murphy closed the item for public comment.

Council Member Grose gave a brief history on the Standing Committee and pointed out that there could be multiple Ad Hoc Committees discussing different topics simultaneously.

Mayor Pro Tem Edgar stated he did not fully understand the purpose of switching back and forth between an Ad Hoc Committee and a Standing Committee. He stated concern with the District's reluctance to have open and transparent meetings. He asked for further clarification.

City Manager Plumlee gave a brief history of the Standing Committee and pointed out an Ad Hoc Committee was for a limited time period for a specific topic. He indicated concerns were expressed by a couple of Board Members who requested returning to a more flexible Ad Hoc Committee. The two topics for discussion by the Ad Hoc Committee would be the Traffic Plan that had implications on all the schools in Los Alamitos and discussion of Safe Routes to School.

Mayor Murphy recalled the reason it was changed to a Standing Committee was because the Ad Hoc Committee had outlived its useful life and the City would not have made the change otherwise.

City Attorney Reisman clarified that Standing Committees most comply with the Brown Act, including posting the agenda and allowing the public to participate. Ad Hoc Committees are a limited exception and do not require compliance with the Brown Act. They are only for a limited purpose for a limited time. He stated his understanding was the District did not approve of having to talk about items between the City and the District in public and wanted to return to not having agendas, minutes, or public participation.

Mayor Pro Tem Edgar stated concern that without noticing meetings there would be no transparency. He referred to previous issues between with the District and the lack of documentation. He referred to the Traffic Plan and felt the appropriate avenue for the District to address its concerns would be through the Traffic Commission. He stated he could not support this item as it did not send a consistent message about transparency and pointed out residents did not differentiate between City and District issues. He did not believe this would give the City a better outcome and did not support less documentation. He stated he could not support the recommendation.

Council Member Kusumoto believed transparency would be enforced as there would be a deliberate discussion and direction when additional Ad Hocs were formed. He pointed out the representatives on the Ad Hoc Committees would be responsible for reporting back to the Council. He believed the process of appointing an Ad Hoc Committee would slow down the process and allow for more transparency. He stated support and believed it would provide for more productive meetings.

Council Member Hasselbrink stated she had been excited to be part of a two way interactive Ad Hoc Committee and then it was changed to a Standing Committee. She indicated there had been items to come up that could not be discussed because they were not on the agenda. She agreed members of an Ad Hoc Committee would be responsible for reporting to the full Council. She stated support for having specific issues for discussion and felt the Standing Committee made discussion difficult. She pointed out that communication was vital and if this did not work, then something else could be tried.

Mayor Pro Tem Edgar asked if there would be any type of agenda or rules that needed to be followed if this was an Ad Hoc Committee.

Council Member Hasselbrink felt confident the Ad Hoc Committee would work within its parameters for a fruitful discussion that would be reported back to Council.

Council Member Grose recalled his experience on the previous Ad Hoc Committee and having been frustrated with the process. He understood this process would allow for a broader scope to bring forward topics of interest in a timely manner. He believed minutes would still be rotated between the District and City and pointed out additional Ad Hoc Committees could be created and the District could also suggest topics for future Ad Hoc Committees.

Council Member Hasselbrink did not think it was a transparency issue and felt it was more of a productivity and timing issue. She felt this format would allow for more results.

Mayor Pro Tem Edgar stated politically it did not look good for the Council to advocate for less transparency and a more flexible scenario. He referred to the concerns of his neighborhood and did not feel this action would help. He pointed out there was still a lot of resident frustration and this would not look appropriate, especially considering the lack of documentation from the last issue. He stated he had no issue personally but could not support such at this time.

Council Member Hasselbrink pointed out the City Attorney had advised this should be a Standing Committee otherwise she did not feel a change would have been made.

Mayor Pro Tem Edgar indicated this might be the right approach, but it was the wrong timing.

Motion/Second: Hasselbrink/Kusumoto

Carried 4/1 (Edgar cast the dissenting vote): The City Council:

1. Disbanded the District/City Working Group Standing Committee; and,
2. Formed a District/City Working Group Ad-Hoc Committee to discuss Safe Routes to School Planning and Traffic Planning to implement actions in the 2015 Traffic Study for Los Alamitos High School, McAuliffe Middle School, Oak Middle School, and Los Alamitos Elementary, and appoint Council Members Hasselbrink and Kusumoto.

Council Member Kusumoto clarified while fully supportive, the City would not be taking on the role for sponsoring agency in regards to Safe Routes

to School. He did not feel it was reasonable to tie up many City resources.

City Manager Plumlee confirmed.

C. Update on 2014/15 General Fund Revenues and Expenditures and Proposed Fiscal Year 2015/16 General Fund Operating Budget

This report provides the City Council with an update on the 2014/15 General Fund revenues and expenditures and the preliminary Fiscal Year 2015/16 General Fund Proposed Operating Budget.

Administrative Services Director Al-Imam summarized the Staff report, gave a PowerPoint presentation, and answered questions from the City Council.

Council Member Grose referred to the budget forecast, slide 7, and stated concern the expenses were being projected over the estimated revenue. He felt it was more prudent to balance the budget first with expected revenues and then to prioritize items to see which ones would be funded. He stated the same practice had been done last year and many approved gap closure items had not occurred, such as freeway advertising, parking meters, and crossing guard funding. He referred to last year's policy regarding surplus funding and felt there were specific issues with the Garage Fund. He stated opposition to this type of budgeting.

Administrative Services Director Al-Imam stated there were gap closure recommendations throughout the rest of the presentation and each department had identified potential items for reduction.

Administrative Services Director Al-Imam continued the presentation.

Council Member Grose referred to slide 14, and felt there should be a policy discussion for further study and comparisons regarding a maximum accrual of sick and vacation time. He felt an established policy before the next employee negotiations could curtail future costs. He understood these were benefits, but pointed out they were not comparable to the private industry and stated support for considering changes.

Administrative Services Director Al-Imam continued the presentation.

Mayor Pro Tem Edgar referred to slide 14, and pointed out there were discretionary and nondiscretionary costs that could be eliminated to reduce the \$210,000 deficit. He indicated the Ad Hoc Committee did not feel comfortable making the decisions alone and wanted to ensure the Council weighed in. He pointed out the onetime cost for PERS was a significant cost and the savings from this year could be used to purchase

items ahead of time. He referred to slide 8 and indicated Council had consistently been able to stay within budget.

Administrative Services Director Al-Imam continued the presentation.

Council Member Grose indicated the 2015/16 Capital Replacement Charges were included in this budget. He asked if Staff was seeking approval to pay those in advance with the surplus from 2014/15.

Administrative Services Director Al-Imam indicated each department had budgeted for Capital Replacement which was approximately \$125,000 in charges. If Council approved prepaying the charges with the current year surplus there would be a savings in next year's budget.

Mayor Pro Tem Edgar indicated although he had concerns with the account in general, using surplus was a good constructive way to begin funding the Capital Replacement Fund.

Staff and Council discussed the Capital Replacement Fund policy that was adopted after the 2014/15 budget adoption to be implemented in 2015/16.

Staff and Council discussed the possibility of savings by refinancing Laurel Park and financing the purchase of parking meters. Additional information would be provided once responses were received from the City's Request for Proposals.

Administrative Services Director Al-Imam indicated Staff would discuss potential budget savings from each department.

Council Member Grose stated opposition to verbal reports and requested written documentation in the future.

Administrative Services Director Al-Imam indicated that department expenses for City Manager, City Clerk, and Administrative Services amounted to \$1.2 million, \$957,000 of which was salaries. The remaining \$300,000 is for non-personnel items such as contractual services for animal control and audit services. The following items were identified as possible savings opportunities: create a part-time, non-benefited Special Projects Coordinator position that would bring contracted items in house for potential savings of \$3,000; negotiate copier lease expense for a potential \$2,800 savings; cease printing of budget and CAFR books for a savings of \$800; and, debt service savings of potentially \$12,000-24,000.

RECESS

The City Council took a brief recess at 7:32 p.m.

RECONVENE

The City Council reconvened in Special Session at 7:46 p.m.

Council Member Hasselbrink asked for an estimate of the realized savings for City Manager, City Clerk, and Administrative Services.

Administrative Services Director Al-Imam stated approximately \$6,600 savings, excluding debt service savings.

Staff and Council discussed the potential savings for debt service and that the Ad Hoc Committee would review the item and bring to Council for consideration at a later date.

Police Chief Mattern outlined the following potential savings opportunities that would not impact services: eliminate second Captain position for a savings of \$75,000; reduce part-time Police Aide hours for a savings of \$9,500; and, eliminate the School Resource Officer for a savings of \$80,000. All items would have an adverse reaction.

Council and Staff discussed the potential savings opportunities were not being recommended, but were being offered per Council request for a 2% reduction City wide.

Community Services Director Lakin outlined the following potential savings opportunities that would eliminate programs that were not revenue offset: holiday banners for a savings of \$3,500; free Park Program for a savings of \$25,000; Trunk-or-Treat for a potential savings of \$2,700; Spring Carnival for a potential savings of \$500; Music and Movies event series for a savings of \$3,000; Senior Lunch and Bread Program for a savings of \$8,300; evening staffing for the Community Center for a savings of \$17,000; and, Senior Programs and liaison to Senior Club for a savings of \$33,000.

Mayor Pro Tem Edgar stated the Council has always preferred to reduce things and not Staff. He questioned if the City was at that level.

Community Services Director Lakin clarified eliminating these programs would not reduce revenue. Other programs could be eliminated, but they would significantly impact revenue.

Mayor Pro Tem Edgar stated these items had not been brought up during the Ad Hoc Committee meetings and believed the budget gap was manageable without taking such drastic measures.

Administrative Services Director Al-Imam indicated there were many costs outside the City's control such as retirement, Worker's Compensation and Liability and a 2% budget reduction would be difficult.

Council and Staff discussed the desire to balance the budget without using the surplus, the impacts department budget reductions would have Citywide, the long term need for a steady revenue line, and the severity of the budget gap.

Administrative Services Director Al-Imam stated the \$210,000 deficit included Capital Replacement charges. It would be beneficial to prefund this expense in the current year. He pointed out the potential savings were offered per Council's request for a 2% reduction. Some items were good ways to reduce cost, but would not offer a huge savings.

Council Member Hasselbrink believed Staff had done what was asked of them and it was up to Council to review and consider. She stated support for administrative reductions that would not affect quality of life.

Mayor Murphy pointed out none of the items were being proposed. Council had asked to see what a 2% cut would look like.

Council Member Grose referred to the increasing budget over the past several years. He questioned if the \$200,000 increase was all due to PERS.

Administrative Services Director Al-Imam stated a significant portion was due to PERS. He gave the example of a \$70,000 increase in Community Services alone.

Council Member Grose made observations regarding the expenses and indicated some items were controllable. He questioned what the Facility Capital Replacement was.

Administrative Services Director Al-Imam stated \$125,000 was allocated to each division for the Facility Capital Replacement Charge. This fund was approved by Council in September 2014 to fund capital needs for facilities, streets, parks, and the pool.

Council Member Grose discussed the following concerns: increasing retirement cost and the potential to contract out positions or hire part-time employees; additional \$75,000 for a sworn Police Captain over a civilian position; items that were presented as a 2% reduction; previous programs that were eliminated, but later reinstated (i.e. holiday banners, Movies in the Park); and, finding sponsors or partners for local events.

Community Services Director Lakin gave an overview of the sponsorships that are received for City events and indicated sponsorships are very competitive in this small City with many non-profits.

Council Member Grose discussed the following topics: programs are funded by participants and could not be considered eliminated if funded through sponsorships; recognized the difficulty with the PERS cost; opposition to reducing Staff; possibility of community support for a public safety tax; and, the need for alternate budget reduction methods.

Council Member Hasselbrink believed the Ad Hoc Committee had given Council ideas to balance the budget and the Staff had done its due diligence. She did not think budget reductions were necessary at this time. She spoke in favor of reducing fireworks and opposition to reducing public safety.

Council Member Grose expressed frustration that expenditures were budgeted over revenue.

Council Member Hasselbrink indicated she looked at what would affect the community most and felt the City was doing a good job being conservative.

Administrative Services Director Al-Imam pointed out that part of the pension increase was \$288,000 for benefits already earned. The expense would still be owed even if all services were contracted out.

Council Member Grose indicated part of the problem was benefit packages were not addressed soon enough. He stated support for closely evaluating all position as they became vacant.

Community Development/Public Works Director Mendoza outlined the following potential savings opportunities: negotiation for upcoming contracts for Traffic Engineer, City Engineer, Building, and NPDES; and, reduction in contract services for a savings of \$20,000.

Council and Staff discussed the increase in park maintenance was due to the addition of a new park.

Council Member Grose asked if the City Attorney's budget at \$156,000 would be discussed. He referred to the Administrative budget and questioned what the Facilities Capital Replacement expense was.

Council and Staff discussed the Facilities Capital Replacement Fund.

Council Member Grose questioned if the City Attorney's budget should be lowered as the General Plan was now complete.

City Manager Plumlee clarified there was a separate fund previously set aside from the reserves for the General Plan.

Mayor Pro Tem Edgar gave an overview of the City Attorney's budget that included \$6,000/month retainer and \$70,000 for extra services (i.e. West-Comm, litigation).

Mayor Murphy preferred to leave the budget as is versus reducing it and needing the funding later.

Council Member Hasselbrink agreed the goal was not to spend the entire budget, but would prefer to have sufficient funds to cover legal advice when needed.

Mayor Pro Tem Edgar summarized the objectives were to stabilize management and Staff, have predictable finances, and maintain service levels. He indicated the budget was positive and PERS was an unexpected hit that the Council had reacted to. He indicated the budget was solid and the City should now focus on growing revenue.

Council Member Hasselbrink stated there were a lot of cost savings without any reductions and believed the City was focusing on ways to increase revenue.

Council Member Grose agreed the City was working to improve revenue and stated it was up to the Council to be responsible to the citizens. He believed Staff had done a good job of doing so.

4. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL

Initiation of litigation pursuant to subdivision (d)(4) of Section 54956.9. One potential case.

City Attorney Reisman read item 4A aloud.

RECESS

The City Council recessed into Closed Session at 8:37 p.m.

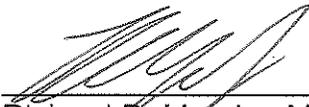
RECONVENE

The City Council reconvened in Special Session at 11:02 p.m.

City Attorney Reisman stated the Council voted 4-1 (Council Member Hasselbrink dissenting) to instruct the City Attorney as to how to proceed with regard to the anticipated litigation.

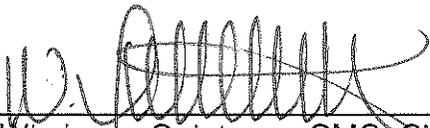
5. **ADJOURNMENT**

The City Council adjourned at 11:02 p.m.



Richard D. Murphy, Mayor

Attest:



Windmeza Quintanar, CMC, City Clerk