

# CITY OF LOS ALAMITOS

3191 Katella Ave.  
Los Alamitos, CA 90720

## AGENDA CITY COUNCIL SPECIAL MEETING

**Monday, April 15, 2019 – 5:00 p.m.**

I, Warren Kusumoto, as Mayor of the City of Los Alamitos, do hereby call a special meeting of the City Council of the City of Los Alamitos, to be held at the time and place listed above to discuss the matters listed below.



Warren Kusumoto, Mayor of the City of Los Alamitos

### NOTICE TO THE PUBLIC

This Agenda contains a brief general description of each item to be considered. Except as provided by law, action or discussion shall not be taken on any item not appearing on the agenda. Supporting documents, including staff reports, are available for review at City Hall in the City Clerk's Office or on the City's website at [www.cityoflosalamitos.org](http://www.cityoflosalamitos.org) once the agenda has been publicly posted.

Each matter on the agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Items listed as "for information" or "for discussion" may also be the subject of an "action" taken by the City Council at the same meeting.

Any written materials relating to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, 3191 Katella Ave., Los Alamitos CA 90720, during normal business hours. In addition, such writings or documents will be made available for public review at the respective public meeting.

It is the intention of the City of Los Alamitos to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee, or a participant at this meeting, you will need special assistance beyond what is normally provided, please contact the City Clerk's Office at (562) 431-3538, extension 220, 48 hours prior to the meeting so that reasonable arrangements may be made. Assisted listening devices may be obtained from the City Clerk at the meeting for individuals with hearing impairments.

Persons wishing to address the City Council on any item on the City Council Agenda will be called upon at the time the agenda item is called or during the City Council's consideration of the item and may address the City Council for up to three minutes.

### 1. CALL TO ORDER

### 2. ROLL CALL

Mayor Kusumoto  
Mayor Pro Tem Murphy  
Council Member Chirco  
Council Member Grose  
Council Member Hasselbrink

**3. SPECIAL ORDERS OF THE DAY**

**A. Potential FY 2019-2020 General Fund Budget Gap Reduction Measures (Finance)**

Staff will discuss various options for closing the Fiscal Year 2019-2020 General Fund budget gap with the full Council. These items have been discussed with the Budget Standing Committee.

Recommendations:

1. Review Potential General Fund Gap Closures for Budget Fiscal Year 2019-2020; and,
2. Direct staff regarding modifications to the Preliminary Budget for Fiscal Year 2019-2020.

**4. CLOSED SESSION**

**A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

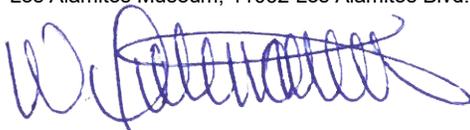
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) and paragraph (1) of subdivision (e) of Government Code Section 54956.9: (1 potential case).

**B CONFERENCE WITH LABOR NEGOTIATOR**

City Negotiator:	Bret M. Plumlee, City Manager
Employee Organization:	Teamsters Local 911
Authority:	Government Code Section 54957.6

**5. ADJOURNMENT**

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted at the following locations: Los Alamitos City Hall, 3191 Katella Ave.; Los Alamitos Community Center, 10911 Oak Street; and, Los Alamitos Museum, 11062 Los Alamitos Blvd.; not less than 24 hours prior to the meeting.



Windmera Quintanar, MMC, City Clerk  
Date: April 10, 2019

# City of Los Alamitos

## CITY COUNCIL AGENDA REPORT

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**MEETING DATE: April 15, 2019**

**ITEM NUMBER: 3A**

**To: Mayor Warren Kusumoto & Members of the City Council**

**Presented By: Maria-Luisa Valdez, CPA, Finance Director**

**Subject: Potential FY 2019-2020 General Fund Budget Gap Reduction Measures**

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### **SUMMARY**

Staff will discuss various options for closing the Fiscal Year 2019-2020 General Fund budget gap with the full Council. These items have been discussed with the Budget Standing Committee.

### **RECOMMENDATIONS**

1. Review Potential General Fund Gap Closures for Budget Fiscal Year 2019-2020; and,
2. Direct staff regarding modifications to the Preliminary Budget for Fiscal Year 2019-2020.

### **BACKGROUND**

On March 18, 2019, staff reported on the preliminary projected General Fund budget for Fiscal Year 2019-2020, including an initial budget gap of \$482,500. Material increases in Fiscal Year 2019-2020 expenditures are primarily due to salaries and benefits.

Staff has been meeting with the Budget Standing Committee and will continue to meet regularly to discuss closing the gap for the upcoming year along with developing a long-term fiscal sustainability plan. The objective of the budget workshops are to eliminate the General Fund structural deficit and provide long-term fiscal sustainability.

### **DISCUSSION**

On March 18, 2019, staff reported a preliminary FY 2019-2020 General Fund budget gap of \$482,500. The preliminary budget was developed in February and as expected there have been changes to the initial estimates of General Fund revenues and expenditures. Such changes include master fee review for CPI, property tax changes, and personnel changes. As a result the assumptions were modified and the three items listed below were decreased, reducing the budget gap by \$99,600.

Revenue Adjustments:

- ❖ *Master Fee Changes:* City is proposing an increase of CPI (2.5%) for certain fees at the April 15, 2019 Council meeting. If approved, estimated increase in FY 2019-20 revenue is approximately \$19,000. \$19,000
- ❖ *Property Tax:* Based on changes made in 2018 from the Auditor-Controller, HdL has provided the City with an updated estimate for property tax, which is a favorable increase for Fiscal Year 2019-20. 15,000

Expenditure Adjustments: 65,600

- ❖ Salary and benefit savings in new positions for: Finance Director, Management Analyst and Department Secretary and reduction in election expense estimated costs

These changes bring the budget gap down to \$382,900. The items were discussed with the Budget Standing Committee on April 2, 2019 and have been incorporated into the FY 2019-2020 Preliminary Budget.

Staff and the Budget Standing Committee also discussed other potential budget gap closures. The Budget Standing Committee is recommending the City Council incorporate the below items into the FY 2019-2020 Preliminary Budget to close the budget gap by an additional \$318,200.

- ❖ *Opening of New Hotel:* Include one quarter (April-June 2020) of transient occupancy tax, property tax and utility user's tax for the new hotel development. 60,300
- ❖ *Additional Transfers from Special Revenue Funds:* PSAF (\$20,000), and SLESF (\$10,000) 30,000

Expenditure Saving Options:

- ❖ *Police Department:* Salary and benefit savings for reorganization of department
  - Motor Officer position Savings 132,150
  - Police Captain position not filled for 2 months (*realistic scenario*) 34,350
  - Changes in assumptions of 2 new hires (*Step C/Classic to Step A/PEPRA*) 32,950
  - Retired annuitant used for half-year (*For approval on April 15, 2019*) 28,450

The Budget Standing Committee recommends incorporating the budget gap measures listed above to close the Fiscal Year 2019-2020 General Fund budget gap. These recommended changes would bring the budget gap down to \$64,700.

Staff will continue to work with the Budget Standing Committee to consider additional options to close the budget gap and report these recommendations to the full City Council through the budget process.

Additional consideration to close the budget gap are to use (a portion of) fund balance reserves, as listed below.

Fund Balance Options:

- ❖ Fiscal Year 2017-2018 General Fund Surplus. In September 2018, the Budget Standing Committee recommended prudently assigning 220,000 \$220,000 from the FY 2017-2018 General Fund surplus to help pay for the PERS' Fiscal Year 2019-20 unfunded accrued liability (UAL) contribution increase. The City Council approved this recommendation by the Budget Standing Committee when they adopted the fund balance policy in September 2018. Based on the feedback previously received by the Budget Standing Committee and to remain consistent with the Budget Standing Committee and City Council's previous approval and direction to use this FY 2017-2018 surplus to balance the FY 2019-2020 budget, staff is recommending using other options first to reduce the budget gap and then using a portion of this \$220,000 to balance the remainder of the gap. The Budget Standing Committee is recommending staff continue to present additional options to reduce the budget gap as close as possible to closing it to 0 before using this option. Once the gap is closed as far as possible, then the Budget Standing Committee will recommend using this option to close the remaining gap.
  
- ❖ Projected FY 2018-2019 General Fund Surplus: Staff will provide an update on the estimated FY 2018-2019 General Fund surplus and verbal recommendation to the Budget Standing Committee on the potential use of remaining FY 2018-2019 surplus. The Budget Standing Committee directed staff to bring back a list of additional capital needs from the previously formed capital needs list provided by the Police and Recreation and Community Services departments. They will then review the needs being prioritized and recommended by staff and determine which capital needs they will recommend to the full City Council. They will then be recommending spending all or a portion of the remaining FY 2018-2019 estimated General Fund surplus on these identified and vetted capital needs. 299,400

**FISCAL IMPACT**

The FY 2019-2020 preliminary budget presented an initial budget gap of \$482,500 on March 18, 2019. As a result of given changes in assumptions, the budget gap was reduced by \$99,600 to \$382,900. Based on potential gap measures discussed and recommended by the Budget Standing Committee, there are recommended changes that may bring the budget gap down further from \$382,900 to \$64,700. Staff will continue to discuss various options for closing the budget gap throughout the budget process with the Budget Standing Committee and the City Council.

Submitted By: Maria-Luisa Valdez, CPA, Finance Director  
Approved By: Bret Plumlee, City Manager