

CITY OF LOS ALAMITOS

3191 Katella Avenue
Los Alamitos, CA 90720

AGENDA BUDGET STANDING COMMITTEE SPECIAL MEETING July 7, 2020 – 5:00 p.m.

SAFETY ALERT –NOTICE REGARDING COVID-19

Due to COVID-19, the City of Los Alamitos Budget Standing Committee Special Meeting on July 7, 2020 will be conducted by videoconference pursuant to the provisions of the Governor’s Executive Orders N-25-20 and N-29-20. The public may access the meeting electronically or telephonically.

Pursuant to Executive Orders and given the current health concerns, members of the public can access meetings by using your phone to dial +1 (301) 715-8592 and enter the Meeting ID: 810-0048-7912. Your microphone will be disabled upon entry for the duration of the meeting. **Members of the public may not attend the meeting in person.**

The public can submit comments to cityclerk@cityoflosalamitos.org with the subject line “PUBLIC COMMENT ITEM #” (insert the item number relevant to your comment) or “PUBLIC COMMENT NON-AGENDA ITEM.” Comments **received by 3:00 p.m.** will be compiled and provided to the Budget Standing Committee and made available to the public before the start of the meeting. Staff will not read email comments at the meeting but the official record will include all email comments received until the close of the meeting.

Members of the public wishing to verbally deliver comments via the telephone conference can submit their requests to cityclerk@cityoflosalamitos.org **until the close of the public comment period.** The City Clerk will compile a list of speakers who have indicated a desire to speak. Before the close of the meeting, the City Clerk will announce each speaker, enable the speaker’s microphone, and begin the three minute timer. The speaker’s microphone will automatically be disabled at the end of three minutes.

All speakers shall observe civility, decorum and good behavior. Any item submitted to the Budget Standing Committee during the meeting shall become public record and subject to applicable disclosure laws.

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 on the City’s website at www.cityoflosalamitos.org once the agenda has been publicly posted.

Any written materials relating to an item on this agenda submitted after distribution of the agenda packet are available for public inspection on the City's website at www.cityoflosalamitos.org.

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.

1. CALL TO ORDER

2. ROLL CALL

Council Member Chirco
Council Member Hasselbrink

3. CONSENT CALENDAR

A. Approval of Minutes

Approve the Minutes of the Special Meeting on June 3, 2020.

4. DISCUSSION ITEMS

A. Fiscal Sustainability Update.

Review and discuss the Financial Sustainability Plan Update.

B. FM3 Research Survey.

Review and discuss the latest survey results from FM3 Research.

5. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted at City Hall, 3191 Katella Ave., Los Alamitos, CA 900720 and on the City's website at www.cityoflosalamitos.org not less than 24 hours prior to the meeting.



Windmera Quintanar, MMC, City Clerk
Date: July 6, 2020

MINUTES OF THE BUDGET STANDING COMMITTEE OF THE CITY OF LOS ALAMITOS

SPECIAL MEETING

Wednesday June 3, 2020 – 5:00 p.m.

1. CALL TO ORDER

The Budget Standing Committee met for a Special Meeting at 5:00 p.m., Wednesday, June 3, 2020, via video conference, Council Members Chirco and Hasselbrink presiding.

2. ROLL CALL

Present: Committee Members: Council Member Chirco
Council Member Hasselbrink

Absent: Committee Members: None

Present: Staff: Chet Simmons, City Manager
Craig Koehler, Interim Finance Director
David Cain, Fiscal Sustainability Manager
Chris Kelly, City Engineer

3. CONSENT CALENDAR

A. Approval of Minutes

Motion/Second: Chirco/Hasselbrink

Unanimously Carried: The Budget Standing Committee approved the Minutes of the Special Meeting on May 13, 2020.

4. CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATOR

City Negotiator: Chet Simmons, City Manager
Employee Organization: Los Alamitos Police Officers Association
Authority: Government Code Section 54957.6

B. CONFERENCE WITH LABOR NEGOTIATOR

City Negotiator: Chet Simmons, City Manager
Employee Organization: Teamsters Local 911
Authority: Government Code Section 54957.6

C. CONFERENCE WITH LABOR NEGOTIATOR

City Negotiator: Chet Simmons, City Manager
Unrepresented Employees: Executive Management, Middle
Management and Non-Management
Employees
Authority: Government Code Section 54957.6

No reportable action.

5. DISCUSSION ITEMS

A. 7-Year Capital Improvement Program

Chris Kelly, City Engineer, provide a report on the projects included in the Preliminary Seven-Year Capital Improvement Program for Fiscal Years 2020-21 through 2026-27.

B. Proposed Budget for Vehicle & Equipment Replacement Schedule

Staff provided a report on the recommended Vehicle & Equipment Replacement Schedule for Fiscal Year 2020-21.

C. Fiscal Year 2020-21 General Fund Budget Gap Measures

Staff discussed options for closing the Fiscal Year 2020-2021 General Fund budget gap with the Budget Standing Committee. With the inclusion the recommended budget gap closure measures, the Committee recommended adoption of the budget on June 15, 2020.

D. Other Funds' Budget Update Fiscal Year 2020-21

Staff provided a budget update on the City's other funds not discussed in the context with the General Fund and CIP Budgets for the Fiscal Year 2020-21.

5. ADJOURNMENT

The Budget Standing Committee adjourned at approximately 5:59 p.m.

Craig Koehler, Interim Finance Director

City of Los Alamitos

BUDGET STANDING COMMITTEE

AGENDA REPORT

MEETING DATE: July 7, 2020

ITEM NUMBER: 4A

To: Budget Standing Committee Members

Presented By: Craig Koehler, Interim Finance Director

Subject: Financial Sustainability Plan Update

SUMMARY

The report provides an update on the City's long-term Financial Sustainability Plan.

RECOMMENDATIONS

Receive and file the Financial Sustainability Plan update.

BACKGROUND

In late 2018, the City proactively focused on developing a plan for "Building Future Fiscal Sustainability". It was determined at that time, the City faced a projected structural deficit that will grow to over \$3.4 million by 2027-28. At this rate City's current fund balance and cash would be depleted by FY2023-24. As part of the City's Fiscal Sustainability process, the City developed a 10 year financial plan which shows the City must take extraordinary measures to mitigate projected structural budget deficits and loss of cash balances.

The FY2020-21 Budget was approved and adopted on June 15, 2020. It included a series of cost cutting measures totaling \$1,361,597, in order to closing the current year's deficit. The 10 year model has been updated to reflect the balanced budget and use of one-time gap closure measures for FY2020-21.

DISCUSSION

The City of Los Alamitos is at a financial crossroads. As revenues have decreased, the City has taken significant steps to control and reduce expenses. As noted above, the FY2020-21 Budget included a series of cost cutting measures totaling \$1,361,597. These cost cutting measures are only intended to be temporary, as they are not operationally sustainable. Even after enacting the reductions, it will not be enough to maintain a structurally balance budget moving forward.

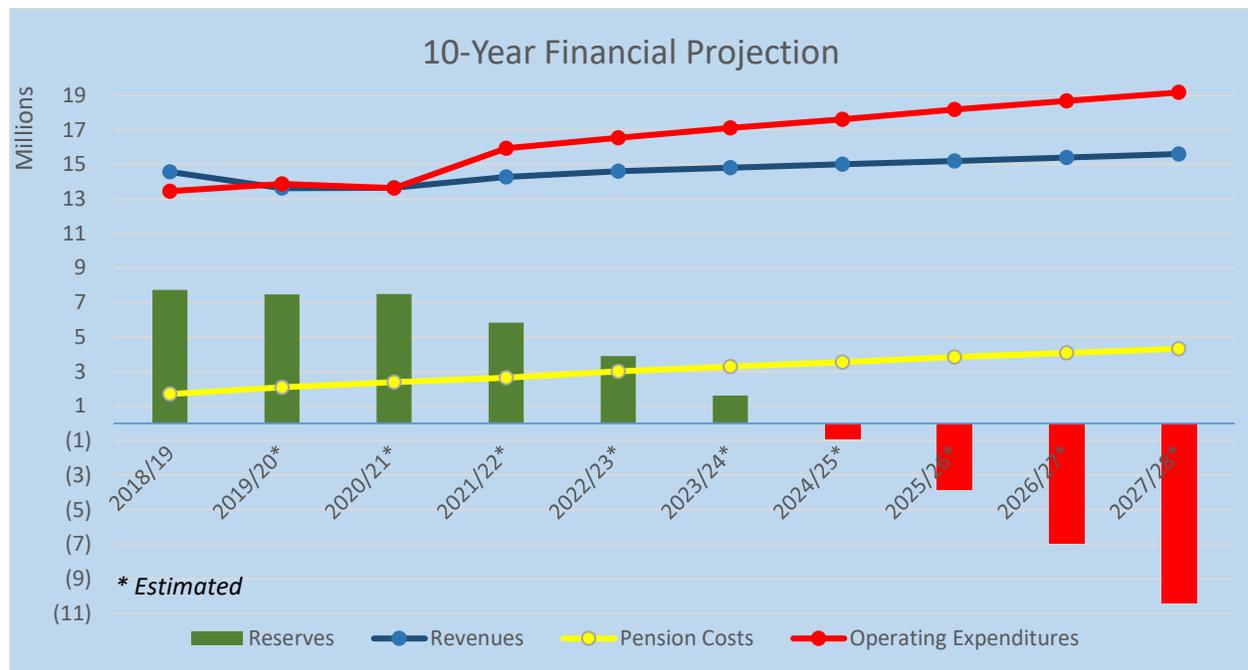
A review of the City's steps to control expenditures over the past 10 years shows an significant reductions. During this time, 26 full-time equivalent positions, or a 27% of the City's workforce has been cut. With the addition of the budget gap measures used to

balance the FY2020-21 budget, an additional 10 positions have been cut. This represents approximately 35% reduction in the City's permanent workforce. The City simply cannot continue operations at its current staffing levels.

Ten-Year Forecast Updated

If the sales tax measure is approved by Council for inclusion on the November ballot and is successful, it is estimated the City would receive approximately 25%, or one quarter of the estimated initial increase, or about \$1,023,551 in FY2020-21. In FY2021-22, it is estimated the City would receive the full increase of approximately \$4.2 million.

Modeling was also done to reflect both a 1% increase versus a 1.5% increase. The results show that in the event a 1% increase was pursued that the City would return to a deficit position after a few years. As shown below, in the absence of any sales tax enhancement, the General Fund is estimated to be depleted by FY2024-25,



FISCAL IMPACT

By securing an increase to the City's sales tax and local revenue stream, the City will be able to secure and protect long-term financial stability, retain Police Officers to provide proactive local public safety services, preserve essential city services including community recreation (youth and senior) programs, maintain General Fund street and park maintenance funds, maintain quality public city facilities including parks, medians, trees, and streets, and provide for economic development opportunities.

NEXT STEPS

Based on the feedback and direction provided by the Budget Standing Committee at this meeting, staff will incorporate their recommendations as staff conducts subsequent meetings with the Mayor and other Council members.

Submitted by: Craig Koehler, Interim Finance Director
Reviewed by: David Cain, Fiscal Sustainability Manager
Approved by: Chet Simmons, City Manager

City of Los Alamitos

BUDGET STANDING COMMITTEE

AGENDA REPORT

MEETING DATE: July 7, 2020

ITEM NUMBER: 4B

To: Budget Standing Committee Members

Presented By: Craig Koehler, Interim Finance Director

Subject: FM3 Research Survey Results

SUMMARY

The report provides the results of the latest polling survey conducted by FM3 Research.

RECOMMENDATIONS

Receive and file the polling survey conducted by FM3 Research.

BACKGROUND

In 2019, the City engaged FM3 Research to perform a community survey of registered voters in order to allow the City to gain a greater understanding of the community's priorities, needs and desires, and also assess the support for a local sales tax adjustment. The overall results of the registered voter survey were presented by FM3 during the January 14, 2020 City Council workshop.

In March 2020, the City engaged FM3 to conduct an updated tracking survey based on the Council's and staff's direction. Since FM3 had already performed prior surveys in the community, they were able to incorporate tracking of past and new responses to the survey. FM3 also included new options in the latest survey to add text messaging, in addition to phone and email notices used in the prior survey with the goal of reaching 250 registered voters.

DISCUSSION

The second and latest survey was conducted by FM3 Research during the period of May 19, 2020 to May 28, 2020. The results are summarized and provided in the accompanying presentation. A representative will be present at the meeting to review and discuss the results and answer any questions in connection with the survey.

Next Steps and Timeline

Based on the direction provided by the Budget Standing Committee, staff will schedule one-on-one meetings with the Mayor and other Council members to discuss and review the survey results. Following the meetings and based on the direction, staff will bring forward an ordinance to place an increase of the existing sales tax rate on the November ballot, for the first reading at the July 20 meeting, followed by a second reading at an adjourned regular meeting on July 27. The deadline to add the initiative for inclusion on the November 2020 ballot is August 7, 2020.

FISCAL IMPACT

The approved not-to-exceed expenditure of \$25,000 for the second survey was included in the FY2019-20 budget.

Submitted by: Craig Koehler, Interim Finance Director
Reviewed by: David Cain, Fiscal Sustainability Manager
Approved by: Chet Simmons, City Manager