

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

SPECIAL MEETING – June 3, 2013

1. CALL TO ORDER

The City Council met in Special Session at 6:00 p.m., Monday, June 3, 2013, in the Council Chamber, 3191 Katella Avenue, Mayor Kusumoto presiding.

2. ROLL CALL

Present: Council Members: Edgar, Grose, Murphy, Mayor Pro Tem Graham-Mejia, Mayor Kusumoto

Absent: Council Members: None

Present: Staff: Gregory D. Korduner, Interim City Manager
Joshua A. Brooks, Finance Director
Corey Lakin, Community Services Director
Todd Mattern, Police Chief
Bruce McAlpine, Police Captain
Steven Mendoza, Community Development Director
Emeline Moya, Recreation Manager
Cassandra Palmer, Support Services Manager
Windmera Quintanar, CMC, City Clerk

3. SPECIAL ORDERS OF THE DAY

A. Fiscal Year 2013-14 Proposed Budget Follow Up

This report addressed follow up items from the previous two budget study sessions held on May 6, 2013, and May 20, 2013.

Finance Director Brooks summarized the Staff report, referring to the information contained therein, gave a PowerPoint presentation, and answered questions from the City Council.

Council Member Edgar asked if the only open items were the part-time COLA, fund balance policy, and business license position.

Finance Director Brooks answered in the affirmative.

Council Member Edgar stated his concern that revenue projections were overestimated and inquired if back up information had been provided.

Interim City Manager Korduner stated Staff had discussed in detail and reevaluated the projections and trends. He indicated no information for the

methodology had been distributed to date, but details would be distributed after the meeting.

Council Member Edgar stated concern that he did not receive the answers he had asked for. He reiterated his concerns for the general fund revenue values and property tax being overstated by \$100,000. He inquired if Staff was comfortable estimating an increase in property tax.

Interim City Manager Korduner indicated Southern California was seeing an increase in property taxes.

Council Member Edgar referred to the May 6 Staff report, and stated concern for the 11% increase in Transient Occupancy Tax. He inquired if the fees had increased. He referred to the Franchise fees and inquired to the \$25,000 increase.

Finance Director Brooks indicated the franchise fee included several different franchises which were all moving in different directions.

Council Member Edgar referred to the Telephone Users Tax (TUT) and stated there had been a vote to decrease it and stated he would like to see how the revenue is divided. He stated concern for an increase in license and fees of \$70,000 and an increase in fines and forfeitures of \$100,000. He questioned the efficiency of the red light cameras and depending on it as a source of revenue.

Interim City Manager Korduner suggested the increase could be due to the increased traffic from the 405 freeway construction and stated Staff would provide detailed methodology for the revenue projection.

Council Member Edgar stated concern for the part-time COLA and inquired about the division of permanent part-time versus seasonal part-time. He inquired if there was a policy to allow Staff to increase the range. He stated a preference for addressing the hourly ranges instead of giving across the board increases. He inquired if Staff had the management tools to make these decisions.

Interim City Manager Korduner stated Staff could look into permanent versus seasonal part-time employees and stated support for addressing the ranges. He reiterated part-time employees continued to leave and it took Staff's time to recruit and interview.

Council Member Edgar stated support for Staff having the discretion to increase part-time employees pay range.

Interim City Manager Korduner indicated Staff would investigate options for permanent and seasonal part-time employees.

Council Member Edgar stated concern for the proposed Business License Clerk and questioned the \$14,000 increase.

Finance Director Brooks stated the full cost including salary, retirement, and Medicare for the proposed position was \$48,000, which was a \$13,000 increase. He indicated the Clerk was proposed to start at Step A, as opposed to the two receptionist at Step A and B.

Interim City Manager Korduner stated one of the receptionist was returning to Recreation and there was a concern for securing the revenue source. He indicated the position could be removed.

Council Member Edgar inquired who the position reported to.

Finance Director Brooks stated it was himself.

Council Member Edgar stated support for streamlining the process with online payment software for Business License. He indicated it would increase the efficiency, but would not help with the institutional knowledge. He added it was not part of the budget and inquired how it came about for discussion.

Finance Director Brooks stated it had been brought up in the previous budget discussion.

Mayor Kusumoto asked for clarification if the difference of \$13,000 was an increase or a decrease for the business license position.

Finance Director Brooks stated it was an increase.

Mayor Pro Tem Graham-Mejia referred to the \$100,000 designation for the Los Alamitos Boulevard Rehabilitation and inquired if it was designated for specific projects.

Community Development Director Mendoza indicated the funds were to complete the design and engineering work and to complete the outreach. He added there would be no construction the first year.

Council Member Murphy expressed concern that the open issues were not being addressed. He stated his understanding that Council would be discussing the questions previously brought up and stated support for an additional meeting to discuss the open issues related to the budget. He stated support for returning the unused funds of the Community Giveback Survey and Business and Residential Rebate Program back to the General Fund. He questioned spending \$100,000 from reserves for a backup generator and still reporting a \$9,000 surplus.

Interim City Manager Korduner stated there had been surplus in the past years that were being used to pay for the generator. He added Staff viewed the generator to be an emergency expenditure.

Council Member Murphy indicated he did not disagree with the generator. He stated his overall concern was spending \$100,000 from reserves instead of budgeting for the expense. He stated support for protecting the reserves and stated his belief that the emergency reserve was for unforeseen emergencies. He stated the generator should be approved by offsetting the expense with other items. He stated open items included Council Member Edgar's concerns for over estimated revenue projections, Cable Franchise fees, red light cameras, and increasing the Plan Check line item for time projects.

Interim City Manager Korduner stated there was an expectation of increased utilities in connection with the hospital expansion and parking structure.

Council Member Murphy reiterated his understanding the meeting would be to discuss Council's previous concerns regarding the budget. He reiterated his concern for the increased plan check for a one time project and lack of discussion regarding the 17% increase over two years in the police budget. He indicated a portion of that could be attributed to the School Resource Officer (SRO), but still amounted to a 15.5% increase that could not be sustained.

Finance Director Brooks indicated the full amount of \$200,000 for the SRO had been budgeted even though a portion of that would be coming back to the City. He attributed the increase in the budget to the Police Officer Association (POA) Memorandum of Understanding (MOU) increases and the Garage Fund.

Council Member Murphy stated his understanding the Garage Fund was for the replacement of vehicles and questioned why salaries were included.

Finance Director Brooks stated the salary of the mechanic was included in the fund.

Council Member Grose stated the concerns for spending reserves to reflect a balanced budget and projecting increased revenue without substantiating the process. He stated concern for spending \$250,000 on accounting software that had not reached its full potential and requested online business license renewals, similar to what Recreation had in place. He stated opposition to adding a full-time Business License Clerk and stated the Department Director should be responsible for maintaining institutional knowledge. He cautioned managing the operations of the department. He reiterated support for automating the business license renewal process. He expressed a desire to have a policy discussion on the vehicle fund and having an accounting of the

total vehicle fleet. He stated his understanding that tonight was an opportunity to finalize the details before the June 17th budget adoption.

Council Member Edgar requested the City Manager and City Clerk's budget be separated. He inquired to the SRO funding agreement.

Police Chief Mattern stated it was originally projected to cost \$190,000.

Council Member Edgar stated the SRO was projected at \$190,000 and Council had approved \$90,000. He requested clarification regarding what was agreed to for funding.

Police Chief Mattern stated Council had asked if the Police Department could absorb half the cost. He stated the department had not committed to such. He added with the department's current commitments to core services, it could not commit to funding the SRO.

Interim City Manager Korduner stated he had been in the audience that night and it was his understanding the Police Department was to make a best effort to find funding which they did.

Council Member Edgar expressed support for forming a Police Commission of Ad Hoc Committee to evaluate the Police Department's infrastructure to ensure the department could be sustained in future years. He stated the residents supported the Police Department and Council needed to ensure it was maintained.

Council Member Edgar then referred to the proposed field use fees increases and stated the proposed policy established a CIP fund for the fields that obligated the City to approximately \$25,000 per year. He stated the City needed to be prepared for that expense. He requested an overview of the estimated impact to the budget.

Recreation and Community Services Director Lakin stated the field fees would be coming to Council on June 17th for discussion. He discussed the following points: approximate additional expenditures ranging from \$60,000-\$95,000 per year for ongoing maintenance at a higher level; increase in revenue of approximately \$20,000 per year based on higher field fees; fully funding the CIP would be approximately \$350,000 annually between the City, the School District, and the user groups; user group CIP increases will be implemented slowly starting at \$2 per person times the activity weighting scale per season and working up to \$10 per person; based on the new CIP proposal, City's portion of the CIP fund would be roughly \$25,000 to \$30,000 for the first year; and, future decisions of funding the CIP and remaining competitive with the field rental fees.

Council Member Edgar thanked Director Lakin for the explanation and stated consideration could be made to have the Community Give Back funds contribute to the increase. He inquired how many participants were involved.

Recreation and Community Services Director Lakin stated 6,000-7,000 in the youth groups organized by the City.

Council Member Edgar indicated the Council had not received community feedback yet and stated concern the fees and additional maintenance cost were not discussed in the budget.

Council Member Grose stated he had attended the School District's hearing regarding the fees and he was appreciative it had taken the lead. He indicated the groups in attendance appeared appreciate their needs were listened to and the incremental increase had been approved. He indicated the details were going to be in relation to the field use policy and implementation and stated concern regarding who would be collecting the CIP funds. He supported the Parks, Recreation, and Cultural Arts Commission discussing the item on Wednesday. He stated concern that individual biases were leading the Commission and questioned whether or not individuals who have strong leadership roles with various groups should be representing the broad base of the community.

Mayor Pro Tem Graham-Mejia inquired if the City's fees currently mirrored the School District's fees.

Recreation and Community Services Director Lakin stated the fees for field rentals were the same.

Mayor Pro Tem Graham-Mejia inquired if the same process would be followed moving forward.

Recreation and Community Services Director Lakin answered in the affirmative.

Mayor Kusumoto opened the item for public comment. There being no one present wishing to speak, Mayor Kusumoto closed the item for public comment.

Mayor Pro Tem Graham-Mejia requested an additional budget meeting before the next Regular meeting.

Mayor Kusumoto stated support.

Interim City Manager Korduner stated Staff would itemize and address Council's concerns in a written report.

Council Member Murphy referred to the budget calendar in which tonight's meeting was to address follow up concerns. He inquired if that had been done.

Interim City Manager Korduner answered in the affirmative.

Council Member Murphy disagreed and stated he had requested a spreadsheet. He stated he believed the budget was not ready for adoption.

Mayor Kusumoto stated Staff would address Council's concerns and directed Staff to email Council a worksheet.

Mayor Pro Tem Graham-Mejia inquired if Council required an additional meeting if Staff was able to address Council's concerns beforehand.

Council Members Edgar and Murphy stated support for an additional meeting

Mayor Pro Tem Graham-Mejia cautioned Council on micromanaging the professionals who were hired to complete their jobs. She stated support for Staff's recommendation and readdressing any concerns at midyear.

Mayor Kusumoto asked Interim City Manager Korduner to recap the follow up items.

Interim City Manager Korduner listed the following items: part-time COLA; fund balances for the Business and Residential Rebate Program and Community Give Back; Transient Occupancy Tax (TOT); franchise fees, including cable; Police Department budget; automation using accounting software; detail for the Garage Fund; separate the City Clerk and City Manager budget; red light camera; and, property tax.

Mayor Kusumoto directed Staff to coordinate a Special follow up meeting for next week and asked Council to contact Interim City Manager Korduner or Finance Director Brooks with any additional questions or concerns.

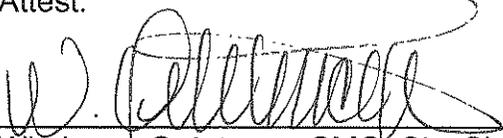
4. ADJOURNMENT

The City Council adjourned at 7:14 p.m.



Warren Kusumoto, Mayor

Attest:



Windmer Quintanar, CMC, City Clerk