

MINUTES OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS

SPECIAL MEETING – MONDAY, FEBRUARY 2, 2009

CALL TO ORDER

The City Council met in Special Session at 4:00 p.m., Monday, February 2, 2009, in the Council Chambers, 3191 Katella Avenue, Mayor Grose presiding.

ROLL CALL

Present: Council Members: Edgar, Mejia, Stephens, Poe and Grose

Absent: Council Members: None

Present: Staff:

- Nita McKay, Interim City Manager
- Dean Derleth, City Attorney
- Steven Mendoza, Community Development Director
- Angie Avery, Recreation & Community Services Director
- Todd Mattern, Police Chief
- Bill Huber, Interim Public Works Director
- Cassandra Palmer, Police Support Services Manager
- Sandy Delgado, Finance Manager
- David Cox, Public Services Superintendent
- Patti Gorczyca, Assistant to the City Manager
- Susan C. Vanderpool, City Clerk

3. ORAL COMMUNICATIONS

At this time, any individual in the audience may come forward to speak on any item within the subject matter jurisdiction of the City Council. Please state if you wish to speak on an item on the Agenda. Remarks are to be limited to not more than five minutes.

Mayor Grose opened Oral Communications.

Richard Vardeman, resident, stated the City should not fund the position of School Resource Officer, pointing out only a quarter of the students at the High School were actually from Los Alamitos. For this reason, he thought the School District should pay for the position.

Tony Brandyberry, employee and representative of the City's Employee Association, stated the employees wanted a long-range plan to return to fiscal responsibility, and they looked forward to negotiating a contract with Interim City Manager McKay. He further stated employees were confident the Council would hire a full-time City Manager soon.

Mayor Grose closed Oral Communications.

4. SPECIAL ORDERS OF THE DAY

A. Mid-Year Budget Review for Fiscal Year 2008-09

This report provided the City Council with a Mid-Year assessment of the City's financial performance compared to the adopted Budget for Fiscal Year 2008-09. The report also made recommendations for budget adjustments, both to appropriations and estimated revenues.

Interim City Manager McKay summarized the staff report, and gave a Power Point presentation outlining the following important categories of review:

- Projected results for FY 2008-09
- General Fund Revenues
- General Fund Expenditures
- Fund Balance of the General Fund
- Other Funds

Interim City Manager McKay stated there was an approximate \$600,000 deficit in the General Fund Budget.

Council Member Edgar gave a brief report regarding the Budget recommendations of the Council Budget Ad Hoc Committee (comprised of he and Mayor Pro Tem Poe). The highlights were as follows: 1) cut current Council (2008/09) Budget by 25.3% - saving \$25,000; and, permanently reduce Council (2009/10) Budget by 30% - saving \$30,400. The Annualized Reduction Summary (\$30,000) highlights were as follows:

- Cut Council pay by 11.1% (\$3,320)
- Reduce maintenance and operations (\$12,330)
- Realize the current savings for cell & technology (\$9,730)
- Modify Council Travel Policy and Budget (\$5,000)

The Ad Hoc Committee's recommended Travel Policy change summary was as follows:

- Removal of B.5. – No expenses while meeting consultants, etc.
- Change to B.6 – Council Approval of City Paid Travel (in-state)
- Add new C.1 – No out of state travel
- Change to C.3 – Exclusion of charitable event tickets
- Change to C.7. – No paid mileage to Boards with stipends
- Change to C.9. – No City paid clothing
- Removal of E.3 – No reimbursements for lost receipts
- Change in E.4. – Trips approved to a budgeted amount
- Change in E.5. – City Manager recourse for expense concerns

The following was a summary of Interim City Manager McKay's recommended Budget adjustments to the Fiscal Year 2008-09 Budget:

City Manager/City Clerk.....\$(21,460)

Proposed budget reductions in the City Manager's/City Clerk's operating budget include reductions to supplies, cell phones, travel and meetings. Additionally, one-time salary savings in the amount of \$14,390 is included for benefit savings during the fiscal year. This is a 3.3% reduction in the total departmental budget.

Administrative Services Department.....\$(56,530)

Administrative Services departmental budget reductions include supplies, contractual audit services, and absorbing the 12% rate increase from the City of Long Beach for animal control services in the amount of \$6,000. Additionally, the department will recognize a one-time \$53,000 salary savings from the Assistant City Manager covering the City Manager position through the end of April 2009. This is an 8.3% reduction in the total department budget.

Community Development Department.....\$(55,160)

Reductions within Community Development's operating budget include reductions to supplies, contractual services (savings from the Housing Element contract), dues/subscriptions, travel, meetings, and \$10,320 for contractual services tied directly to permit revenue. The department is also absorbing the additional \$3,000 in NPDES contractual inspections. Finally, the reduction in the departmental budget includes one-time salary savings of \$22,650 during the period of time when the department had a part-time contractual director. The Community Development Department reductions total 7.5% of its total budget.

Police Department.....\$(74,190)

The Police Department's budget reductions include a significant reduction in part-time and special personnel hours in the patrol division of \$32,980 by leaving reserve officer positions vacant, reducing the Explorer program, and eliminating bicycle patrol for the remainder of the fiscal year. Additional cuts include booking fees, on call pay, leased equipment charges, supplies, travel, meetings, and all but mandatory POST training. The budget reductions in the Police Department total 1.4% of the total departmental budget.

Public Works Department.....\$(81,660)

Proposed budget reductions to the Public Works operating budget include reductions in supplies, contractual services, building maintenance, traffic engineering services, plan check expenditures, travel, meetings, \$7,500 budgeted for a speed zone study, and \$12,000 in supplies for McAuliffe sports field. Additionally, the salary savings for the remainder of the current fiscal year for combining the operational management of the Public Works Department with the Community Development Department and hiring a contractual part-time City Engineer is \$35,270. This will be a continuing salary savings for fiscal year 2009-10. The total operational budget reduction to the Public Works Department amounts to 4.7% of total budget.

Public Works Department – Electricity for Street Lighting.....\$(75,350)

Funding the City's street lighting electricity is an allowable expenditure of gas tax monies. Currently, the Gas Tax Fund transfers \$110,000 annually to the General Fund to offset the

costs of the City's street maintenance program. Additionally, during fiscal year 2008-09 budget deliberations, it was approved by City Council to fund a portion of salary and benefit costs of the Public Works Director, the Public Works Superintendent, and the Public Works Department Secretary from the Gas Tax Fund. This is an additional transfer of expenditures to the Gas Tax Fund of \$36,990. We are recommending six months of the street lighting electricity be transferred to the Gas Tax Fund. This is an additional savings to the Public Works Department of 4.4%.

Public Works Department – Little Cottonwood Park Septic System.....\$(16,000)

During fiscal year 2008-09, the City Council approved an appropriation from undesignated fund balance of the General Fund in the amount of \$30,000 to install a septic system for the restrooms at Little Cottonwood Park. Since a majority of the work was completed by City staff, the total cost of the project will be \$14,000. This is a savings of \$16,000, but cannot be counted toward the operating savings of the General Fund as the project is being funded from undesignated fund balance.

Recreation and Community Services Department.....\$(46,800)

Reductions to the Recreation and Community Services Department budget include recommended reductions in supplies, overtime, travel, special class expenditures for adult basketball, cooking, Oak Field fees, adult soccer, preschool, and special events. Recommended reductions total 3.4% of the departmental operating budget.

Recreation – Program Reductions.....\$(13,750)

Additional program reductions are recommended from the Recreation and Community Services departmental budget and are listed separately from the line item reductions above for City Council consideration. These reductions include \$3,500 for the Easter Egg Hunt. A local church has agreed to provide this event for the community. Additionally, we are recommending reducing expenditures for two concerts on the green in the amount of \$2,750. We are currently speaking with organizations to sponsor these events for the community. Finally, we are recommending eliminating the Little Cottonwood park programs in the spring and the first week of summer, which would amount to a reduction of \$7,500 for this fiscal year. This is an additional 1.0% reduction to the total departmental budget.

Equipment Charges from Garage Fund.....\$(10,670)

The Garage Fund is an Internal Service Fund and its operating costs are funded entirely by allocated charges to the General Fund departments which it services. Therefore, because we are able to reduce operating costs within the Garage Fund, we are able to reduce the impact on the General Fund. Please see budget reductions in the Garage Fund below.

Non Departmental City Manager Contingency.....\$(19,650)

This was an amount that was budgeted during fiscal year 2008-09 as a contingency fund to draw from as needed. In the current budget condition, it is recommended that we eliminate this line item from the City's operating budget.

Non Departmental Property Insurance.....\$(27,290)

Under the terms of the City's Joint Powers Insurance Authority, the City is required to pay for property insurance at the beginning of each calendar year. To assist cities with their budgetary process, the insurance authority requested a change from the property insurance

provider to have the insurance coincide with the fiscal year rather than the calendar year. When the City's budget was completed, an appropriation was approved for the calendar year (twelve months) when, in fact, the City will only be paying for the extension time period from January 2009 to June 2009 in this fiscal year. This is a savings of \$27,290 in the non-departmental budget and helps to offset the two items that follow.

Non Departmental Workers' Compensation.....\$71,000

The City changed workers' compensation insurance providers and claims administrators in July 2007. As members of the California Joint Powers Insurance Authority (CJPIA), the City makes an annual deposit at the beginning of the fiscal year to cover all new workers' compensation claims. However, claims that existed at the time the City changed to the new insurance authority are not covered by the deposit, but are charged to the City as they occur. They involve payments to former employees and to medical treatment facilities. The City budgeted \$120,000 for the fiscal year. At the completion of six months of the fiscal year, total expenditures amount to \$86,000 or 71% of the total budget. Averaging the monthly payments for these claims, the total needed to complete the fiscal year will be an increase in the budget of \$53,000. Additionally, the new claims administrator began charging the City an administration fee for fiscal year 2008-09 of \$18,000. This fee was not known at the time the budget was adopted in June 2008.

Non Departmental Liability Claims.....\$15,000

The City Council approved a settlement payment for a liability claim filed against the City prior to the City joining the CJPIA. This settlement was not anticipated and was for an existing liability claim not covered by the City's new liability insurance authority deposit (see explanation above for workers' compensation). This request is to appropriate monies for this expenditure.

GARAGE FUND

Increases/(Decreases) in Estimated Revenues

Charges for Garage Services.....\$(10,670)

The revenue generated through charges to the General Fund departments is being reduced based upon the budget reductions listed below in the Garage Fund's operating budget.

GARAGE FUND

Increases/(Decreases) in Appropriations

Garage Fund Maintenance and Operations.....\$(10,670)

Proposed budget reductions to the Garage Fund operating budget include reductions in outside services for police and public works vehicles, auto parts, travel, meetings, and training. This has a General Fund impact, as all maintenance and operations costs of the Garage Fund are funded by charges to the various General Fund departments based upon the number of vehicles and equipment utilized.

JOINT FORCES TRAINING BASE (JFTB) POOL FUND

Increases/(Decreases) in Estimated Revenues

Joint Forces Training Base Pool Revenues.....\$(32,390)

It is recommended that JFTB pool revenue estimates be reduced in the following areas: summer learn to swim program \$9,000, capital improvement fees \$6,000, and the annual fee from the USA Water Polo Team \$20,000. There are very small increases in other revenue categories totaling an increase of \$2,610 to partially offset the decreases. The most significant decrease of \$20,000 from the USA Water Polo Team will be an ongoing decrease in revenue for fiscal year 2009-10 of \$30,000 annually. We are continuing to investigate other revenue generating opportunities to fill the revenue gap that will exist at the pool for fiscal year 2009-10. This fund had an ending undesignated fund balance at June 30, 2008 of \$58,000, which will be utilized for the revenue shortfall. Thus, the transfer of \$93,150 from the General Fund to fund pool operations will not need to be increased for fiscal year 2008-09.

JOINT FORCES TRAINING BASE (JFTB) POOL FUND

Increases/(Decreases) in Appropriations

JFTB Pool Capital Expenditure.....\$(20,000)

When the fiscal year 2008-09 budget was adopted in June 2008, an appropriation was included in the JFTB Pool Fund for the purchase of pool covers. It is recommended that we do not purchase the pool covers. The City is currently charged for all utilities at the pool (gas, electricity, water and sewer) as well as a charge of 30% of the gas that goes into the fuel cell. This fuel cell is designed to reduce the City's normal gas usage that is used by the pool boilers. Even though the pool covers will keep the pool from losing heat, water and chemicals into the atmosphere, the City will still be charged the 30% for the fuel cell regardless of whether we utilize the fuel cell to its fullest capacity. By placing pool covers on the pool and retaining the heat, we would lessen the efficiency of the fuel cell operation. The fuel cell is not cost effective unless the heat byproduct is being fully utilized.

Interim City Manager McKay stated estimated revenues minus the recommended reductions would still leave a deficit of \$214,160 in the General Fund.

The City Council discussed the following issues:

- Possible reduced hours for 3 part-time positions in Administration (2 receptionists and 1 payroll position (positions to be considered with all other part-time positions at a later date)
- Elimination of part-time maintenance worker (Council eliminated)
- 4th of July costs – after \$24,000 in contributions, City pays \$42,000
- JFTB Pool costs
- Possible elimination of Redflex Camera Program
- Water Polo fee reduction
- Possible reduction or elimination of City Council stipend
- Possible elimination of Council retirement, life insurance and Medicare

Council Member Mejia made the following recommendations:

- Transfer the responsibilities of the pool to the Aquatics Foundation
- Combine the 4th of July with the Wings, Wheels, Rotors & Expo events to save costs
- Cut the \$5,000 donation to Chamber for brochure
- Cut City Council travel account
- Cut City Council dues and subscriptions account
- Cut City Council supplies by \$5,000
- Do not cut City Council stipends – used to offset cost of attending meetings
- Appoint Interim City Manager McKay as City Manager, and hire someone with lower title to manage finances

City Attorney Derleth commented the State Attorney General opined stipend increases or decreases both fell under the statute requiring that neither can be implemented until after an election (effective beginning the new term). He stated Council could voluntarily donate any or all of a stipend back to the City, cautioning a stipend was not considered compensation.

Council Member Edgar made a motion to accept the recommendations of the Council Budget Ad Hoc Committee, and Mayor Pro Tem Poe seconded.

Council Member Mejia did not agree with the Committee's recommendation not to reimburse for flight changes, and made a motion to include her recommended reductions. The motion died for lack of a second.

Motion/Second: Edgar/Poe

Carried 4-1 (Mejia cast the dissenting vote): The City Council accepted the Ad Hoc Committee's recommendations to:

- Cut Council pay by 11.1% (\$3,320)
- Reduce maintenance and operations (\$12,330)
- Realize the current savings for cell & technology (\$9,730)
- Modify Council Travel Policy and Budget (\$5,000)

Council Member Edgar noted there was an allocation of \$205,000 for City Attorney services, and asked if it was possible to reduce that amount to \$175,000. Council Member Mejia thought the City Attorney allocation should be left alone, as it had already been cut once before.

Motion/Second: Edgar/Poe

Carried 4-1 (Mejia cast the dissenting vote): The City Council reduced the City Attorney allocation to \$175,000., pending formal approval.

Amended Motion/Second: Poe/Mejia

Unanimously approved: The City Council accepted staff recommendations for adjustments to the Mid Year Budget through slide 31, pending formal approval.

Mayor Grose asked staff to bring back the amended operating deficit amount to the February 17, 2009, City Council meeting. He went on to explain the part-time maintenance worker position had been cut because it was an unfunded position. He felt staff had committed a violation of a gift of public funds by keeping the part-time position when it had

not been budgeted. Interim City Engineer Huber stated the part-time position had been created to help backfill a full-time position in which the employee had been out on leave but had recently returned.

Public Service Superintendent Cox stated the part-time worker worked 27 hours per week, and saved the City money because he could do electrical work that would otherwise be contracted out.

Mayor Pro Tem Poe supported keeping the part-time maintenance worker, as she thought it could be more expensive without him if the City had to contract out for services he was rendering. She made a motion to fund the position, seconded by Council Member Stephens. The motion failed on a 3-2 vote (Edgar, Grose & Mejia cast the dissenting votes).

Council Member Stephens commented that Public Works had already reduced its budget by 4.7%, and supported keeping the part-time maintenance worker because he had already saved the City money by not having to contract out for electrical tasks.

The City Council recessed the meeting so the regular meeting could take place. They reconvened at the close of the regular meeting.

RECONVENE

Mayor Grose reconvened the meeting at 9:15 p.m.

Interim City Manager McKay recommended she bring back the consideration for cuts of the part-time positions in Administration along with all part-time positions within all City departments.

Mayor Pro Tem Poe expressed concern with having to use Department Secretaries on a rotational basis to cover the City Hall reception area duties, adding she did not support such a plan. She agreed with reviewing all the part-time positions at another meeting.

Mayor Grose agreed with bringing back all the part-time positions for Council review.

The City Council discussed the 4th of July, particularly with regard to the possibility of gaining sponsorships and charging admission.

Mayor Grose asked staff to bring back updated numbers for the Mid Year Budget, and have Department heads take another pass at their budgets for additional reductions. He then commented Council should have a Closed Session for City Manager interviews.

Mayor Pro Tem Poe thought additional time was needed to get the recruitment brochure out, and applications to come in. Council Member Mejia agreed.

Mayor Grose stated a Closed Session should be held soon so Council could review the applications received.

5. ADJOURNMENT

The meeting was adjourned at 10:25 p.m. The next meeting of the City Council is scheduled for TUESDAY, February 17, 2009, at 7:00 p.m., in the City Council Chambers.

Dean Grose, Mayor

ATTEST:

Susan C. Vanderpool, City Clerk