

MINUTES OF THE SPECIAL JOINT MEETING
OF THE LA PALMA CITY COUNCIL AND CITIZEN COMMITTEE
ON LA PALMA'S FINANCIAL SUSTAINABILITY AND FUTURE

February 9, 2016

CALL TO ORDER: City Manager Murray called the Special Joint Meeting of the La Palma City Council and Citizen Committee on La Palma's Financial Sustainability and Future to order at 6:30 p.m. with Council Members Hwangbo and Shanahan being absent, and Committee Members Carruth, Porter, and Teeples being absent

Committee Member Teeples joined the meeting at 6:32 p.m.

ROLL CALL:

Council Members
Present:

Mayor Goedhart, Council Member Kim, and Mayor
Pro Tem Steggell

Council Members
Absent:

Council Member Hwangbo and Council Member
Shanahan

Committee Members
Present:

Committee Member Dhauw, Committee
Member Jensen, Committee Member Kim,
Committee Member Lutz, Committee Member
Moskowitz, Chairperson Nelson, Committee Member
Teeples, Vice Chairperson Waldman, and Committee
Member Walker

Committee Members
Absent:

Committee Member Carruth and Committee
Member Porter

City Officials Present:

Laurie Murray, City Manager
Mike McCrary, Interim Police Chief
Jim Enright, Police Captain
Terry Kim, Police Captain
Kimberly Kenney, Deputy City Clerk

PLEDGE OF ALLEGIANCE:

Mike McCrary, Interim Police Chief

ORAL COMMUNICATIONS:

No members of the public wished to speak.

PRESENTATIONS:

1. Mayor Goedhart presented Certificates to all Financial Sustainability Committee Members present in recognition of their services on the Committee. He also handed Certificates of Recognition from Assemblywoman Young Kim acknowledging their service.

Mayor Goedhart also thanked Staff for all their work on the Committee during this process.

REGULAR ITEMS:

2. Follow-Up Presentation and Discussions

Interim Police Chief McCrary gave a presentation on the Police Department's cost cutting measures of eliminated positions to date; shared and contracted services; and the scope of the Department's Organizational Study.

City Manager Murray gave a presentation on the Community Service Department's cost cutting measure of eliminated positions to date; contracted Public Works and Recreational services; shared services; and a brief Financial Forecast including the decreased Sales Tax revenues; the Labor Savings from reductions made in recent employee group agreements; the updated projected deficit; and detailed the City's accelerated budget schedule.

RECESS THE CITY COUNCIL AT 6:54

CONSENT CALENDAR

1. Minutes of the January 12, 2016, Regular Meeting of the Citizen Committee on La Palma's Sustainability and Future.

Vice Chairperson Waldman made a motion to approve Financial Sustainability Committee Minutes from January 12, 2016. The motion was seconded by Committee Member Lutz.

The motion carried on the following vote:

AYES: Committee Member Jensen, Committee
Member Kim, Committee Member Lutz,
Committee Member Moskowitz, Chairperson
Nelson, Committee Member Teeples, Vice
Chairperson Waldman, and Committee
Member Walker

NOES: None

ABSTAIN: Committee Member Dhauw

ABSENT: Committee Member Carruth and Committee
Member Porter

RECONVENE THE CITY COUNCIL AT 6:55 p.m.

City Manager Murray opened up the floor for discussion.

Committee Member Walker addressed the Transient Occupancy Tax (TOT); adjacent cities TOT rates; that raising the rate to 10% would allow the City to incur \$418,000 in additional revenue a year; and that the TOT does not impact the residents.

Committee Member Lutz noted that there was concern expressed by the Committee that any more cuts would cause La Palma to lose the small town feeling; that money collected from sponsors be placed in a specific fund to cover Staff time during City events or cost of the events entirely; support to show the sponsor of the events as heroes of these events and then educate the citizens of the community about the City's financial situation to encourage support for a tax measure; support to hire a ballot measure consultant experienced enough to get a measure passed at the upcoming election; that he served on the Anaheim Union High School District (AUHSD) Board from 1987-1992 and had experience with dealing in minimal amounts in reserves with declining enrollment, but did not make cuts too deep in order to garner support for the District's revenue enhancements; and his support to reinstate and continue the July 4th Run for Fun and Concerts in the Park.

City Manager Murray commented that the average net cost for the run was about \$13-22,000; that Concerts in the Park net cost is approximately \$9,700-10,000 a year; and that there was a reduction in costs for the Run this year due to an anomaly of exempt employees trying to help cover Staffing issues that cannot be expected this year.

Committee Member Jensen noted that she has lived in La Palma since 1976 and thanked the City Council for including the Committee and selecting the members; commented on her history in the school system and that the teachers had to work together to survive; her suggestion to increase the City's recruiting to the volunteer program; her experience of using student volunteers at the school she works at; the value of part time employees; concurred with Council Member comments that the City is not sustainable and needs to be changed; using Reserve Police Employees; and that the City needs to keep looking at options to cut expenditures.

Mayor Goedhart commented that the City Council appreciated all the Committee Members who worked on this project and the time they put in for the process; that the City has made significant cuts over the past few years; that the employees have certainly come through in taking additional cuts knowing the City is facing a crucial time; that the numbers are getting worse as pension costs continue to increase and that the City cannot continue to cut and cut - otherwise we will no longer be a city; that the City is at a point to start looking at increasing revenues; that the City cannot cut its way out of the deficit; that considering some type of revenue measure to ensure that our home has a future is an option; that this validates what the City Council has been doing; that looking at increasing revenues with a ballot measure is not going to be popular, but it is necessary; that the Committee's service has been invaluable and an educational experience; that he thinks that the City will take this seriously; and hopefully, with everyone's support, the City will be successful in the endeavors it needs to make to solve its financial problems.

Public Input:

Larry Herman, a La Palma resident, addressed the City Council regarding the proposed cuts causing the City to lose its identity; suggested to have the City put out a formal request asking the residents to make a small donation in an effort to maintain the July 4th Run for Fun event and Concerts in the Park; that a donation of \$10-\$20 per person would cover the bulk cost of the event; that he thinks the residents would support this; and that the City needs to send a letter informing the residents of this so they can participate.

Wally Zimmerman, a La Palma resident, addressed the City Council regarding inquiring on the total amount of revenues received that offset the cost of previous events.

City Manager Murray responded that the Run for Fun event had a little over \$18,000 in revenue from 2013, \$12,000 in 2014, and almost \$16,000 in 2015 and is based mostly on Run participants; that the Concerts in the Park is based on

donations: that the total donation revenue for the Concerts that was received was a little over \$3,100 in 2013, \$4,100 in 2014, and \$4,500 in 2015; and that this offsets the net costs.

Mr. Zimmerman concurred with Mr. Herman's suggestion of offering the public an opportunity to participate if they want to keep programs and events they appreciate; whether the budget shortfall considers the water/sewer rate increases; and whether the sales tax losses are due to the drop in oil prices.

City Manager Murray stated that utility overhead costs are addressed with the water/sewer rate increases; that sales tax losses are based on lowered oil prices; that the City has gas stations that are some of the highest sales tax providers; and that the City relies heavily on oil prices and does not anticipate that those would increase anytime in the future.

Mr. Zimmerman noted the previous suggestions by the Committee and asked if a tax was passed would that change people's spending habits.

City Manager Murray commented that in discussions with other cities that have done similar measures, that they saw no changes in people's spending habits.

Mr. Zimmerman closed by adding that if we have a loyalty to the City we are trying to preserve, we should be shopping in the City.

Vice Chairperson Waldman stated that La Palma is an event-driven city; that for being such a small city, La Palma can put on an incredible event; that the proposed cuts of the Run and Concerts are symbolic cuts; that if La Palma needs to let the citizens know how dire the City's situation is, this strategy opposes that effort as cutting these events is cynical and manipulative; that he never chose to cut those events during his tenure on the City Council; that if the revenue measure does 'not' pass, then it would be time to make the drastic cuts suggested; that if the City properly educates the public, the residents would agree to the revenue measure; that these reasons are why the Committee recommended a revenue measure and did not suggest further cuts.

Ralph Rodriguez, a La Palma resident, concurred with Vice Chairperson Waldman's comments; that if the additional cuts are meant to anger the residents into agreeing to approve a tax measure, that he does not think that effort will work; that the City needs to talk to a professional on how to strategize in getting a tax measure passed; that Stanton's idea is a good example of what 'not to do'; that when Stanton put up fences and closed programs, they got no support - but when they worked with the community, they got a tax measure passed; agreed with Council Member Hwangbo when he stated we have an opportunity to form and

reinvent our city government and the way it operates; what does the community want to pay extra for; that this Committee did a great job and some members of the Committee have financial backgrounds; opposition to seeing no innovative financial ideas and zero infrastructure ideas; that the City needs to look at its infrastructure and put off projects until the organizational restructuring of the City has been done; and that he could support a new revenue generating vehicle, but does not think anyone involved is ready and prepared for that at this time.

Mayor Goedhart announced his appreciation for the comments; that this is not the end of the process; hopes that all members present will be present for the upcoming budget presentations; that maybe the City Council can reevaluate the Run and Concerts cuts; that the City is trying to get to a place where it is a financially viable city; that there are a lot of individual opinions and he supports that; that he does not want to upset the Community; that the City will communicate with the community as Staff has been directed to looking at employing ballot expertise.

Committee Member Jensen noted that when the City previously cancelled the Run for Fun event, it took a while to reinvent and recreate interest in the Run; and support that the City should use its Reserves to cover that expense because of the interest and level of participation.

Chairperson Nelson agreed with Mr. Rodriguez's comments; that the City Council is looking to putting forward some form of tax measure and noted his concern to give the measure the best chance of success; that the City cannot wait until June to start the ballot measure process; that with so many tax measures and issues on the 2016 Ballot and a tough election, and a tax measure is going to be a tough sell; and that the City needs to have a 'plan B' if the measure doesn't pass.

City Manager Murray shared that the City has been in contact with Consultants to help with revenue measures and communication to the public to ensure this process is done the right way;

Committee Member Moskowitz asked the City Council to consider what makes the City livable and her opinion that safety is the most important; that if the park is not safe to go to, then none of it matters; and that although the Run for Fun event is great and we have a wonderful park, none of that matters if safety is not addressed.

Emma Diones, a La Palma resident, addressed the City Council regarding her appreciation for the City Council and Citizen Committee Members for their tremendous job in trying to save this city; and that the reason she has remained a La Palma resident for 37 years is because of the Police keeping us safe.

Sabrina Maitland, a La Palma resident, addressed the City Council regarding her appreciation of public safety; appreciated every participating member of the Council and Committee; and that, without safety, residents do not have any freedom.

Mayor Goedhart reminded those present of the upcoming Town Hall meeting on April 26 at 7:00 p.m. and invited the community to solve this problem together; reported his appreciation to everyone who participated and gave public comments; that this community is outstanding and knows its priorities; that public safety is important; and encouraged the community to continue to stay involved.

City Manager Murray thanked the Committee Members for the amount of work they put forward and thanked them for their commitment to this process.

ADJOURNMENT

Mayor Goedhart adjourned the Special Joint Meeting of the La Palma City Council and Citizen Committee on La Palma's Financial Sustainability and Future at 7:39 p.m.

Gerard Goedhart
Mayor

ATTEST:

Kimberly Kenney
Deputy City Clerk