

MINUTES OF THE ADJOURNED MEETING  
OF THE LA PALMA CITY COUNCIL

June 4, 2002

Mayor Walker called the adjourned meeting of the La Palma City Council to order at 4:00 p.m. on Tuesday, June 4, 2002, in the Council Chambers of La Palma City Hall, 7822 Walker Street, La Palma, California.

ROLL CALL:

Councilmembers present: Lauree Aragona, Christine Barnes, Kenneth A. Blake, Alta E. Duke, Paul F. Walker

Councilmembers absent: None

City Officials present: Catherine Standiford, City Manager  
Vince Giampa, Chief of Police  
Police Captain Jeff Kirkpatrick  
Police Captain Ed Ethell  
Ismile Noorbaksh, Director of Public Works/City Engineer  
Tami K. Piscotty, Assistant to the City Manager  
Paul Pitts, Director of Building & Safety  
Robbeyn Bird, Director of Finance  
Jan Hobson, Director of Recreation & Community Services  
Joan Hoesterey, Principal Planner  
Peggie Turnage, Executive Assistant

REGULAR ITEM

BUDGET STUDY WORK SESSION

City Manager Catherine Standiford explained that the purpose of this work session is to provide a broad perspective about the budget and the programs and services it will fund in the year ahead, as well as the assumptions and parameters on which the budget is balanced.

Ms. Standiford stated that the format for this meeting is to start with a financial overview of the City's budget, followed by presentations by the various departments. Following the department presentations there will be a review of the fiscal policies adopted a year ago and consideration of some new policy issues that the City of La Palma is facing. Time will also be allowed for any preliminary public comments or questions.

Ms. Standiford stated that there are no significant additions or reductions to programs or services and the budget is balanced. She then presented a summary of the General Fund Revenues pointing out that due to deficiencies in the State's budget, the revenues from the Vehicle License Fees are at risk as well as the exemptions from redevelopment agencies for ongoing ERAF contribution. She also presented a summary of the proposed budget expenditures.

Ms. Standiford then called on Police Chief Vince Giampa to present an overview of his department's budget.

Chief Giampa stated that out of the total Police Department Proposed Budget of 4.2 million dollars, 90% comes from the General Fund and an additional 10% comes from other funding sources. He explained that the Police Department provides high quality, around the clock, police services and primarily focuses on the basic mission to protect life and property. Five years ago a Community Policing Model was developed consisting of multiple programs designed to reduce crime and increase the feeling of safety among the residents. During that time, the overall crime rate went down by 53%, violent crimes were 36% lower while property crimes went down by a whopping 57%. Chief Giampa explained that the Police Department is largely a labor-intensive operation and only 17% of the General Fund dollars goes toward non-labor support. The services provided by the General Fund include 31 full-time employees plus 18 part-time employees. An additional 3 full-time employees are funded from other sources as well as two part-time employees. He then highlighted the functions of each of the following:

- Patrol
- Investigations
- Records/Communications
- Community policing
- City Disaster Preparedness Program

He then highlighted the functions that are supported from non-General Fund sources.

Chief Giampa concluded by stating that consistent with the desire to contain costs, no supplemental requests have been submitted with the proposed Police Department budget.

Councilmember Aragona asked for clarification on the total Police Department budget.

Chief Giampa responded the total Police Department budget is 4.2 million dollars, 90% of that, or 3.9 million, is what comes from the General Fund.

Ms. Standiford then called upon Director of Recreation and Community Services Jan Hobson to present her department's budget.

Ms. Hobson stated that the Recreation & Community Services Department represents 17% of the overall city budget. Recreational programs provide a setting for appreciation of ethnic and cultural diversity, alternatives to antisocial behavior and opportunities for socialization. For this reason, many communities invest significantly in parks, recreation and community services and the result is a community whose citizens are proud of where they live, work and play. Ms. Hobson then explained the department's mission, which is to strengthen safety and security, promote health and wellness, and strengthen community image and sense of place. Increase cultural awareness, and provide lifelong learning

Ms. Hobson explained that the Youth and Family Services is the department's largest division and provides safe and resilient youth through Fit N Fun, Youth/Pee Wee Sports, Teen Program, School Holiday Fun Days, Tiny Tots, Day Camps, and Volunteens. She emphasized the importance of these programs since statistics show that there are 15 million latch-key children.

The Neighborhood and Community Services Division creates and strengthens a sense of community and connection among residents through La Palma Days, Fitness Run for Fun, Holiday Tree Lighting, Movie Madness/Bingo, Library Summer Reading, Volunteer Recognition, Halloween Carnival, Arbor Day, Memorial Day, and Concerts in the Park.

The Health & Wellness Division improves the physical and mental health, fitness, and well being of individuals, families and the aging population through Contract Classes, Senior Transportation, Social Service Information and Referrals, and Senior Programs.

The Facility Operations Division provides staffing, scheduling and ongoing operations and maintenance of the Central Park facilities through Facility and Parks, Community Partnerships, Marketing, and Staff Development.

The Administration Division provides direction and support to all Recreation & Community Services divisions, programs and capital projects through Class/Program Registrations, Coordination with other City departments on capital and infrastructure improvements, Community Activities and Beautification Committee, and Monitoring of Grants.

Ms. Hobson concluded by stating that the department has no supplemental requests for consideration.

Councilmember Duke asked if there are any excursions included in the budget.

Ms. Hobson responded the only excursion planned at this time is the Rose Parade. She added that there are Day Camp excursions that are part of the Day Camp registration fee.

Councilmember Aragona asked if the Recreation Department would be available to work with Youth 20/20 on the Cultural Diversity programs and some speakers. Ms. Hobson responded affirmatively.

Councilmember Barnes asked for clarification on the percentage of latch-key children. Ms. Hobson responded that it is 15 million.

Councilmember Duke commented that the latch-key children has been a problem for over 30 years, it is always there.

Councilmember Duke commented that the Recreation Department budget for this fiscal year is \$36,400 less than the previous year.

Ms. Hobson responded that they re-evaluated some of the programs adjustment to those programs have been made during the course of the year.

City Manager Catherine Standiford then called on Assistant to the City Manager Tami Piscotty to present Administration Departments' budget.

Ms. Piscotty stated that the Administration Department represents the consolidation of support functions provided to the City's operating departments. Functions of the Administration Department include support for the City Council, overall management of the City's organizational structure by the City Manager, personnel and risk management functions, official records retention and elections activities, the City's financial and accounting system, and legal services provided primarily by Rutan & Tucker. In addition, the Administration budget also includes several community promotion and intergovernmental activities, the La Palma bi-monthly newsletter, La Palma's official web site, expenses for the animal control contract with the County of Orange, and dues for La Palma's membership in intergovernmental organizations including the State League of California Cities, the local division of the League, and SCAG. Finally, the Administration budget pays for contributions that the City Council, over the years, has chosen to provide to outside agencies such as \$40,000 in support for the La Palma Branch Library, \$12,000 for the Chamber of Commerce, and donations to the Cypress Americana Awards Program, Media Alliance of Orange County, and funding of Red Ribbon Week at La Palma's schools.

Ms. Piscotty stated that the Administration Department has three supplemental budget requests:

- The first, which is actually mandated upon general law cities, is the upcoming November 5, 2002 Municipal Election.
- The second request is to convert the current contract personnel consultant into a part-time position. In addition to not impacting the General Fund from a financial standpoint, it is believed that better service can be provided to the operating departments with an employee whose time is dedicated to working 10 hours per week.
- The final request is to establish funding for a City Council Goal Setting Session in this budget, which would be conducted in January 2003, after the new Council is seated.

Councilmember Duke clarified that the part-time personnel employee would not have benefits.

Ms. Standiford responded that the benefits are limited. She explained that the City provides benefits through PARS to all of the part-time employees and that is included in the cost. She also explained that the current contract employee has been paid out of the Employee Benefits Fund. That same chunk of money would be used to pay the part-time salary and there would not be any added cost to the General Fund for this conversion.

City Manager Catherine Standiford stated that the proposed Community Development Department would have a total budget of \$586,000, out of which \$415,550 will come from the General Fund. The remaining funding will come from the CDC and Affordable Housing Fund. She explained that the Community Development Department would take several existing services and move them under one Department. Planning is currently one of the functions of the Administration Department, and Code Enforcement is currently under the oversight of the Police Department. Building and Safety has been its own department, even though it only has two employees in it.

Ms. Standiford stated that there are several reasons for realigning and reorganizing these services into a new department:

- First, Planning, Building and Code Enforcement functions together form a continuum of services related to the external, developed community. Planning functions relate to conditions and projects prior to their construction, building functions ensure safety and code compliance as the projects are being built, and code enforcement is responsible for enforcing the laws and requirements established by Planning, and to some extent, Building.
- Moving these three kinds of services under the responsibility of one Department Director will provide a better alignment of services to our customers, will ensure comprehensive coordination among these services, and will allow the City to more effectively utilize its clerical/support service resources.
- Another reason for creating this department, and recruiting a Community Development Director, is that the City needs to place a higher priority on economic development activities that will enhance the City's financial base. With the business community contributing 65% or more of the revenue coming into La Palma, efforts to retain and attract key businesses is critical. Two weeks ago, the City Council adopted an Economic Development Plan, in recognition of this important priority.

Ms. Standiford stated that the Community Development Director would oversee business retention and attraction activities, including the development and maintenance of relationships with business management, brokers, property owners, and tenants. In addition, the Director would help coordinate "fast tracking" of land use and permitting applications, and directly respond to problems identified as high priority (large sales-tax generating businesses.) In addition, the CDC has entered into several Owner Participation Agreements and other contracts with businesses, developers, and property owners. The Community Development Director would be responsible for managing these various agreements to be sure that they are adhered to by both parties, and for overseeing the City's affordable housing activities.

Councilmember Aragona clarified that these departments are going to be combined with one Secretary. Ms. Standiford responded affirmatively. She added that there is also a 20-hour part-time employee, which would help with some of the clerical duties.

Councilmember Aragona asked if the Code Enforcement Officer would have enough backbone if it were moved out of the Police Department.

Ms. Standiford responded that it's not unusual to have code enforcement functions under a Community Development Department or a Development Services Department. The Code Enforcement Officer would continue to have a badge, although it would not necessarily be the same as the police badge, he would have a uniform, but it may not be the same as the uniform he currently wears. The functions of this position, the responsibility for parking enforcement, would be maintained, it would just be maintained under Community Development instead of the Police Department.

Councilmember Aragona stated that she assumed the new Director would be a full-time employee with all the benefits that go with it. Ms. Standiford responded affirmatively.

Mayor Walker asked if a Department Head is being created above another Department head, or how will this work.

Ms. Standiford responded that the intent is that titles for now will remain the same and so for a while there may be some awkwardness and overlap in terms of titles. For example, Mr. Pitt's title will still be Building and Safety Director, but Building and Safety will be a division of a larger department instead of its own department. As personnel retires or leaves, positions are evaluated and adjustments that make sense for the organization are made.

Ms. Standiford then called on Director of Public Works/City Engineer Ismile Noorbaksh to present the Public Works Department budget.

Director of Public Works/City Engineer Ismile Noorbaksh stated that the mission of the Public Works Department is to plan, budget, and administer the operations of the City's public works facilities in the most efficient manner possible. They are also responsible for preparing the Capital Improvement Program and upon approval by City Council, implementing and doing the best they can to complete all the capital improvements during the fiscal year. The Public Works Department is also responsible for review of proposed developments as well as coordinating the functions of the Traffic Safety Committee.

Mr. Noorbaksh stated that the majority of the funds for his department come from Water and Sewer, with Gas Tax and Measure M at 8%, Facility Maintenance 9%, and the General Fund at 16%. This department is divided into three Divisions; the Engineering or the Administration Division, the Maintenance Division, and the Water Division.

The responsibilities of the Administration/Engineering Division are to administer the operations of the Public Works Department, both in the field and office, oversee the utilities operation, street maintenance and construction, landscape and facility maintenance, and approve engineering plans and calculations submitted by developers, utilities, and residents. He added that one of the biggest tasks this division has is providing annual reports to different organizations, such as OCTA on Measure M, etc.

Mr. Noorbaksh stated that the Park Maintenance Division which was previously funded through the Landscape and Lighting Assessment District is responsible for maintaining Central Park, El Rancho Verde Park, Denni Street Park, the City's irrigation system, arterial and neighborhood street lights, landscaping in medians, street trees, park landscaping, and maintenance/operation of the City's traffic signals.

The Water Division is divided into four programs. Production & Transmission is responsible for the maintenance and repair of the Walker Well, City Yard Pump station and reservoir, maintenance of the MWD connection, repair of water leaks, and responding to complaints. The Billing &

Administration is responsible for reading water meters and downloading information into the computer for billing and responding to mandated reports to DHS, MWDOC, and OCWD.

The responsibilities for the maintenance and cleaning of the sewer lines as well as responding to sewer backups falls upon the Maintenance Division. They also respond to mandated reports to OCSD, CMOM, and DWR.

Mr. Noorbaksh stated that the Public Works Department has two supplemental budget requests:

- 1) Increase in National Discharge Pollution Elimination System Permit Fee
- 2) Park aeration/fertilizer contract

Mayor Pro Tem Barnes clarified that the National Discharge Pollution elimination System Permit Fee increased from \$5,000 to \$30,000. Mr. Noorbaksh responded affirmatively.

Ms. Standiford added that staff is considering this fee a mandate and it is funded in the proposed budget.

Councilmember Duke stated she thought she had read that the Metropolitan Water District was going to raise its rates.

Mr. Noorbaksh responded affirmatively and explained that they raise their rates annually and the increase was included as part of the operations.

Councilmember Duke asked the condition of the water and sewer reserve funds.

Ms. Standiford responded that the reserve funds for both water and sewer are actually doing very well. She added that one of the things that is not being proposed this year, but may need to be proposed next year, is to look at the water rates to make sure that the water rates recover the enterprise cost of operating and delivering water to the citizens.

Councilmember Duke stated she noticed in a recent report that the City is doing some visual monitoring of the infrastructure, sewer pipes and things.

Mr. Noorbaksh responded affirmatively and explained that funds are being budgeted this year to do a television camera scan of all of the sewer lines to make sure there are no broken pipes or other problems. As part of the Capital Improvement Program the Master Plan of the Water and Sewer is also being recommended.

Councilmember Duke commented that with the mandates that are hanging over the cities, she feels it is a good idea to stay on top of this with the television monitoring.

Councilmember Aragona asked if there is enough in the Reserve Fund to deal with problems that could arise with drainage of the storm drains.

Mr. Noorbaksh responded he believed there are sufficient reserves in Sewer and Water because Proposition 218 requires that reserves be set aside. As far as the issue of the drainage of the storm drains he does not believe there are any funds available.

Councilmember Aragona asked if that is something that Mr. Noorbaksh feels should be addressed.

Mr. Noorbaksh responded that to the best of his knowledge, in this community there have not really been any drainage problems. He added there have been some nuisance problems where the water goes across the gutter and stands there. Those issues would be addressed if the Council determines they are a priority, but there are only one or two locations where this situation exists.

Ms. Standiford clarified that for the current fiscal year \$391,000 for the Sewer Capital Reserve and \$1.2 million for Sewer Replacement are budgeted. The Water Replacement Fund currently has a balance of \$1.219 million, which is predominately reserve, and in the Sewer Fund there is another \$1,280 million dollars.

Mayor Walker asked when the Water Fees were last increased.

Mr. Noorbaksh responded that they were increased approximately four to five years ago.

Mayor Walker asked how the MWD water rates compare to the City's water rates.

Mr. Noorbaksh responded that the City produces its water at approximately \$180 to \$200 an acre-foot. The MWD water is purchased at \$450 to \$460 per acre-foot. He added that the City is required to purchase 25%. If it doesn't the City gets penalized.

Mayor Walker asked what the penalty is compared to the purchase.

Mr. Noorbaksh responded that the penalty is the difference between what the City produces and the cost of the MWD water.

Ms. Standiford then reviewed each of the Council Policies that were adopted during last year's budget process and the status of those policies as follows:

1. Balanced General Fund Budget
2. Requests were Cut to Bring the General Fund into Balance
3. General Fund Revenues Remain Tenuous
4. Recurring Revenues must meet or exceed the Recurring Expenditures
5. The General Fund Reserve is not adequate
6. La Palma Must Begin Dealing with its Long Term Financial Issues
7. On-going Money Must be Found for the Community Center Operations and Maintenance
8. Money Must be Found to Continue the Slurry Seal Program
9. Money Must be Found for the Maintenance of CIP



10. Must become very discriminating about the Grants that are pursued
11. Community Development money is needed for Community Redevelopment Projects

In addition, she recommended a new policy issue that the City will start planning today for its future financial needs citing the need to consider the necessity to improve the deficiencies in the City's facilities as well as the issue of employee compensation and enhanced retirement.

Ms. Standiford then presented the following recommendations:

- Set the UUT at 5% for FY 2002-03
- Reserve \$200,000 of the \$282,000 in projected revenues over expenses to the Employee Benefits Fund to begin amassing funds to pay for at least part of the costs to provide competitive compensation.
- Authorize the one-time transfer of excess COR to replace Insurance and Employee Benefit Fund reserves.

Ms. Standiford concluded by stating that the proposed budget is a balanced budget that maintains basic services at current levels and begins to plan for La Palma's long-term future needs.

Councilmember Aragona referred to Council Policy #7, Community Center Operations, citing Ms. Standiford's statement that 50% of the \$65,000 is custodial and asked what the other 50% represents.

Ms. Standiford responded it was not just custodial, it's custodial and Recreations fair share contribution into the facilities maintenance internal service funds for the additional 40,000 square feet. The remainder of it is the personnel cost, the maintenance and operations related to training and \$10,000.00 for Capital Outlay.

Councilmember Aragona referred to Council Policy #8 and stated that the previous seven-year street improvement program stretched out to nine and ten years and asked for a commitment that the City will stick to the seven-year program.

Ms. Standiford responded that if for some reason the funds for street improvement should continue to decrease, staff would make a commitment to come back to the Council to advise them that the seven-year cycle cannot be met and ask Council for a decision on what to do.

Councilmember Duke asked what percentage of Measure M funds the City receives.

Mr. Noorbaksh responded that the 1/2¢ sales tax has been divided on a certain percentage and a portion of the 1/2¢ sales tax goes to growth management, a portion goes to all of the arterial streets, and a portion, approximately 14% of the Measure M funds, comes to all of the cities for their discretion to use on residential streets or any of the streets they choose.

Councilmember Blake referred to the maintenance for the new facility and asked if something should be added for reserve for major maintenance.

Ms. Standiford responded that there is currently a reserve in the facilities maintenance budget. With the addition of additional space, part of the cost to fund that ongoing facilities maintenance includes a component for reserve.

Mayor Pro Tem Barnes asked if the capital outlay of \$10,000 is just an initial outlay, which would be lower in subsequent years.

Ms. Standiford responded that it's partly related to one-time costs associated to the purchasing of computers and other office equipment, but part of that \$10,000 is on-going costs, for example the cost of telephones and the charges that go along with them and basic replacement of equipment.

Mayor Pro Tem Barnes asked what the basic reason was for the decrease in Measure M funds.

Mr. Noorbaksh responded it's based on what OCTA has projected the sales tax revenues to be.

Ms. Standiford explained that county-wide sales tax is down and sales tax on a county-wide basis is what determines the pool from which the City gets its 14%.

Mayor Walker asked if the Measure M is overall sales tax or specifically for gas sales tax.

Mr. Noorbaksh responded that the 1/2¢ is overall for transportation.

Ms. Standiford clarified that it's a county-based sales tax adopted in 1990 to provide for transportation purposes.

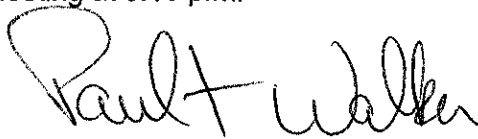
Councilmember Duke asked if there is an inventory for equipment replacement.

Ms. Standiford responded that the City is in the process of doing a complete fixed asset inventory of all equipment City-wide, all Departments, which will allow staff to get an idea of what the City has, what condition it's in and to come up with a depreciation value for it.

Mayor Walker thanked staff for putting the proposed budget together.

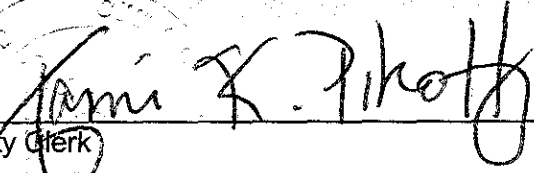
ADJOURNMENT

Mayor Walker adjourned the City Council meeting at 6:10 p.m.



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Mayor

ATTEST:

  
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City Clerk