

MINUTES OF THE REGULAR MEETING
OF THE LA PALMA COMMUNITY DEVELOPMENT COMMISSION

June 21, 2011

CALL TO ORDER: Chairperson Rodriguez called the Regular Meeting of the La Palma Community Development Commission to order at 7:38 p.m. in the Council Chambers of La Palma City Hall, 7822 Walker Street, La Palma, California.

PLEDGE OF ALLEGIANCE: Commission Member Shanahan

INVOCATION: Sikh Scholar Amarjit Singh Dhillon, Gurdwara Buena Park

ROLL CALL: Commission Members

Commission Members present: Vice Chairperson Charoen, Commission Member Hwangbo, Chairperson Rodriguez, Commission Member Shanahan, and Commission Member Waldman

Commission Members absent: None

City Officials present: Dominic Lazzaretto, Executive Director
Joel Kuperberg, City Attorney
Michael Belknap, Recreation & Community Services Director
Douglas Dumhart, Community Development Director
Jeff Moneda, Public Works Director/City Engineer
Keith Neves, Finance Director
Eric Nuñez, Police Chief
Laurie Murray, Administrative Services Manager/City Clerk
Kimberly Kenney, Minutes Clerk

CONSENT CALENDAR

A. Approval of Register of Demands

Resolution No. CDC 2011-16 approving the Register of Demands for June 21, 2011.

- B. Approval of Second Amendment to the Declaration of Restrictions and Grant of Easements recorded February 18, 1971, pertaining to the Walker and La Palma Avenue Shopping Center

Approved the Second Amendment to the Declaration of Restriction and Grant of Easements recorded February 18, 1971, pertaining to the Walker and La Palma Avenue Shopping Center.

Vice Chairperson Charoen made a motion to approve Consent Calendar Items A and B.

The motion was seconded by Commission Member Waldman and carried on the following vote:

AYES: Vice Chairperson Charoen, Commission Member Hwangbo, Chairperson Rodriguez, Commission Member Shanahan, and Commission Member Waldman

NOES: None

RECONVENE THE CITY COUNCIL FOR A JOINT MEETING WITH THE COMMUNITY DEVELOPMENT COMMISSION AT 7:39 P.M.

PUBLIC HEARINGS

- C. Adoption of Fiscal Year 2011-12 Budget
- a) Mayor/Chairperson Rodriguez opened the Public Hearing at 7:39 p.m.
 - b) City Manager/Executive Director Lazzaretto gave the Staff Report
 - c) Public Input

City Manager/Executive Director read an e-mail from Joan Davis, a La Palma resident, regarding her support for the City's Police Department.

Robert Carruth, 7201 Monterey Lane, addressed the City Council regarding his support for the City's Police Department; his opposition to the total cost of personnel services; his opposition to merit increases for employees; and his concern that potential program cuts will impact service levels.

Mayor/Chairperson Rodriguez noted that the program reduction scenario is a tool that the City Council can use to reduce the budget in the future.

Mr. Carruth announced his opposition to approving the budget without the La Palma Police Association negotiations completed.

Tom Wright, 7901 Westra Lane, addressed the City Council regarding his support for the City's contribution and support of the Americana Awards; encouraged the City Council to support the rehabilitation of the Central Park gazebo; his support for both the Police and Recreation departments; and his appreciation for having a plaque placed in the Community Commemorative area for former Council Member Dan Collins

Gerard Goedhart, 7922 Berton Circle, addressed the City Council regarding his support for transparency in the budget process and asked for clarification regarding the amount budgeted for the two unfilled Police department positions.

Finance Director Neves responded that the Police Department budget is accurate, however, the division budget funds for the available positions was taken out of the Patrol division instead of the Administrative Services Bureau (ASB) division.

Mr. Goedhart noted his support for repairing the current gazebo and his concern if the City loses redevelopment funding from the State of California.

Mayor/Chairperson Rodriguez responded that estimates for repairing the gazebo versus building a new gazebo were similar but that repairing the current gazebo and moving it to the new location was not financially frugal. He added that the original gazebo has a lot of irreparable termite damage and that the proposed gazebo would be made out of more sustainable materials and would preserve the plaque with the original volunteer names.

Cheryl Pappas, 5272 Duke Drive, addressed the City Council regarding her support for immediate City employee pension reform, employee health care benefit reform, and her opposition to management level salaries.

Larry Herman, 5122 Andrew Drive, addressed the City Council regarding having a corporate partnership or volunteers rehabilitating the current gazebo.

City Manager/Executive Director Lazzaretto reminded the City Council that Staff was directed to determine a volunteer component in the construction of the new gazebo.

Mayor/Chairperson Rodriguez added that the donations made from the sale of old street signs will all go towards the reconstruction of the gazebo.

Mr. Wright requested to have fully transparent plans and funding to rehabilitate the gazebo.

Sukhdeep Nagra, 7821 Herman Lane, addressed the City Council regarding her support for employee pension and health care benefit reform. She closed by commenting on her support for volunteerism in the rehabilitation of the gazebo and the importance of community services.

Mike Jewel, 5211 Blairwood Drive, addressed the City Council regarding his support for employee pension reform and asked for clarification on whether the City has looked into contracting out Police services to the Sheriff's department. He closed by noting that the quality of residents in La Palma is what contributes to the safety of the City.

Mayor/Chairperson Rodriguez responded that there have been no formal studies on contracting out Police services, but that the standard fee for a Police service study is approximately \$50,000. He noted that this City Council has not formally requested a study.

Patricia Craig, 7662 Tracy Lane, addressed the City Council regarding her support for employee health care reform; that her current employer made cuts in salaries and employee benefits; and her opposition to inflated salaries and benefits in the public sector.

Mayor Rodriguez clarified that City Council members do not receive any City-funded retirement plans and that employee salaries and benefits are subject to negotiations.

Alicia Porto, 4511 Cambury Drive, addressed the City Council in opposition to the City Council lowering the Utility Users Tax (UUT) to 4%. She closed by noting her support for employee health care and pension reform.

Mayor/Chairperson Rodriguez responded that the City Council voted to not increase taxes or service fees.

Jeff McCombs, 7212 Monterey Lane, asked for clarification on when the City Council will start discussing the budget.

Mayor/Chairperson Rodriguez responded that the City Council will discuss the budget in detail after all public input is received.

Louis Toth, 7892 Lemonwood Circle, addressed the City Council regarding his concerns for the rehabilitation and relocation of the gazebo and his opposition to the Park Master Plan's design for Central Park. He asked for clarification on when the public will be notified of the reconstruction plans for the gazebo.

Mayor/Chairperson Rodriguez responded that repairs need to be made to the gazebo and that the City Council supports the most cost efficient method. He added that the Park Master Plan is comprehensive and any changes to that plan will be discussed by the City Council prior to construction.

City Manager/Executive Director Lazzaretto commented that the City Council took direction from the public when reviewing the Park Master Plan last year and made modifications to the layout of that plan. He added that the revised plan is available on the City's website.

Abe Waheed, 5271 Ivywood Drive, addressed the City Council regarding his support for rehabilitation of the original gazebo and his appreciation of the City's transparency.

Victor Aruya, 7642 Inwood Lane, addressed the City Council regarding his appreciation for the United States of America, where he has freedom of speech.

Lynn Johnson, 5271 Marview Drive, addressed the City Council regarding her support for not raising taxes and in support of employee pension reform.

Cheryl Pappas, 5272 Duke Drive, addressed the City Council asking that City employees who received a 32% salary increase over the last three years to take a 10% salary decrease in the next Fiscal Year.

- d) Mayor/Chairperson Rodriguez closed the Public Hearing at 9:08 p.m.
- e) Council/Commission Comments and Questions

Discussion ensued regarding the budget containing no service cuts, no increased taxes, no fee increases, and that Staff has presented the City Council/Community Development Commission with a balanced budget; that La Palma personnel conduct operations and maintenance that other cities contract out for; that adding the Capital Outlay Reserve (COR) portion to the budget would reduce personnel cost percentages as those projects are performed by contractors; that the proposed budget uses no General Fund reserves; that the City Council/Community Development Commission appreciates the public participation; that the

public should appreciate public service workers; that some City Council/Commission Members cannot support the budget until all the labor agreements have been completed; that the City should move towards a defined contribution plan; that the City is not looking at a balanced budget because Staff has over forecasted; that plans for the gazebo reconstruction will be brought up in the future; that it is illegal to put hand carried letters in residents mail boxes; that the proposed sales tax is underestimated in the proposed budget; that most of the revenues have been quoted conservatively to give the City a financial cushion; that this budget hit the goals that the City Council made at its January Goal Setting Session; that this budget cycle was incredibly challenging; that other cities are currently having to borrow money to meet the demands of the next Fiscal Year; that the City of La Palma is a service business and most service industries pay over 80-85% in salaries; that the City of La Palma is fortunate that neither Staff nor services had to be cut; that the City Council/Community Development Commission appreciates the employee labor groups that have agreed to take pay cuts; and that the City of La Palma has been able to maintain sustainability by being fiscally prudent.

- f) City Council: Adopt a Resolution approving and adopting a Budget for Fiscal Year 2011-12, which includes the City's Financial Policy Statements

Resolution No. 2011-25 approving and adopting a Budget for Fiscal Year 2011-12, which includes the City's Financial Policy Statements.

- g) City Council: Adopt a Resolution approving the City's Annual Appropriations Limit for Fiscal Year 2011-12

Resolution No. 2011-26 approving the City's Annual Appropriations Limit for Fiscal Year 2011-12.

- h) Community Development Commission: Adopt a Resolution approving and adopting a Budget for Fiscal Year 2011-12.

Resolution No. CDC 2011-17 approving and adopting a Budget for Fiscal Year 2011-12.

Council/Commission Member Waldman made a motion to approve Resolution No. 2011-25 approving and adopting a Budget for Fiscal Year 2011-12, which includes the City's Financial Policy Statements; Resolution No. 2011-26 approving the City's Annual Appropriations Limit for Fiscal Year 2011-12; Resolution No. CDC 2011-17 approving and adopting a Community Development Commission Budget for Fiscal Year 2011-12; and to include any modifications to the budget that will be achieved by the

tentative agreement with the La Palma General Employees Association (LPGEA) Memorandum of Understanding (MOU).

Mayor Pro Tem/Vice Chairperson Charoen noted that he cannot support adoption of the Fiscal Year 2011-12 Budget because of the City's previous years of forecasting estimated revenue higher than actual revenues.

The motion was seconded by Council/Commission Member Shanahan and carried on the following vote:

AYES: Mayor/Chairperson Rodriguez,
Council/Commission Member Shanahan, and
Council/Commission Member Waldman

NOES: Mayor Pro Tem/Vice Chairperson Charoen,
and Council/Commission Member Hwangbo

Chairperson Rodriguez requested to take a short recess at 9:34 p.m.

Chairperson Rodriguez recessed the Community Development Commission at 9:42 p.m.

Chairperson Rodriguez reconvened the Community Development Commission at 10:30 p.m. for a joint meeting with the City Council and with all members present.

D. Disposition and Development Agreement with The Olson Company for the Development of the Denni Street Affordable Housing Specific Plan Phase II

a) Mayor/Chairperson Rodriguez opened the Public Hearing at 10:30 p.m.

b) Community Development Director Dumhart gave the Staff Report

City Manager Lazzaretto noted that if the State takes away redevelopment funds, this project would be grandfathered in.

City Attorney Kuperberg confirmed and reported that if the State Legislature and Governor eliminate redevelopment, this transaction would be grandfathered in according to the language in the State Assembly bills.

c) Public Input:

No members of the public wished to speak.

- d) Mayor/Chairperson Rodriguez closed the Public Hearing at 10:41 p.m.
- e) Council/Commission Comments and Questions

Discussion ensued regarding the total project cost being estimated at \$3.9 million; that The Olson Company would purchase the property from the Community Development Commission (CDC) for \$1.4 million; and that the City would provide a construction loan of \$1.4 million to The Olson Company; that this project would achieve 75% of the City's Regional Housing Needs Assessment (RHNA) requirements; that if the City Council does not approve the item tonight, the land could be transferred to a successor agency, the land sold, and proceeds given to the State; that the contract has provisions from the developer to complete the project; that The Olson Company is ready to start developing the land as soon as the City Council approves the project; that The Olson Company has an upcoming meeting with the Homeowner's Association of the adjacent property; that The Olson Company has a great track record and are well structured; and that members of the public are already requesting to be put on a waiting list.

- f) City Council: Adopt a Resolution approving the Disposition and Development Agreement between the Community Development Commission and The Olson Company

Resolution No. 2011-27 approving the Disposition and Development Agreement between the Community Development Commission and The Olson Company.

Council Member Shanahan made a motion to approve Resolution No. 2011-27 approving the Disposition and Development Agreement between the Community Development Commission and The Olson Company.

The motion was seconded by Council Member Hwangbo and carried on the following vote:

AYES: Mayor Pro Tem Charoen, Council Member Hwangbo, Mayor Rodriguez, Council Member Shanahan, and Council Member Waldman

NOES: None

- g) Community Development Commission: Adopt a Resolution approving the Disposition and Development Agreement with The Olson Company and authorizing the Chairperson to execute the Agreement and associated documents.

Resolution No. CDC 2011-18 approving the Disposition and Development Agreement with The Olson Company and authorizing the Chairperson to execute the Agreement and associated documents.

Commission Member Shanahan made a motion to adopt Resolution No. CDC 2011-18 approving the Disposition and Development Agreement with The Olson Company and authorizing the Chairperson to execute the Agreement and associated documents.

The motion was seconded by Commission Member Hwangbo and carried on the following vote:

AYES: Vice Chairperson Charoen, Commission Member Hwangbo, Chairperson Rodriguez, Commission Member Shanahan, and Commission Member Waldman

NOES: None

E. Discussion of Steps Necessary to Protect Redevelopment Funds

Community Development Director Dumhart gave the Staff Report.

City Manager/Executive Director Lazzaretto reported that the City is receiving legal opinions on an ongoing basis as the proposal has many unknowns. He asked that the City Council be prepared to pay off existing City loans, take no action tonight, but to be ready to meet at a moment's notice.

Community Development Director Dumhart commented that Staff will prepare the necessary Resolutions to authorize prepayment of the City loans.

Council/Commission Comments and Questions:

Discussion ensued regarding CDC overhead going into the General Fund which would require further cuts to the budget if redevelopment is eliminated; that the City has enough in the CDC Reserves to pay off existing City debt completely; the successor agency would be responsible for the debt balance; and that the only way to protect the remaining \$3 million balance would be to enter into a third party agreement with another agency.

City Attorney Kuperberg commented that there is very little clarity on the current Assembly Bills; that the bills are inconsistent and ambiguous; that the Assembly Bills have already been voted on, but since the Governor vetoed the State Budget, they are not moving forward; that there are several opinions on the next process for redevelopment agencies; that he is hopeful there will be more consensus on what cities can do in the near future; that the City should

prepare to act on a moment's notice and that the City should not make any hasty decisions at such an early stage; and that his staff has been in daily communication with Staff regarding the matter.

Council Member Hwangbo asked if Staff is investigating ways to save \$3 million in the City's redevelopment funds.

City Manager/Executive Director Lazzaretto responded that Staff continues looking at ways to use that money efficiently; that Community Development Director Dumhart is looking at ways to invest that money back into community projects.

Further discussion ensued regarding a future emergency City Council meeting; that the Assembly Bill regarding the elimination of redevelopment funds has been called the "Extortion Bill" by many elected officials; that cities would have to give up half their redevelopment funds just to stay in business; that the City Council recommends drafting a Resolution in opposition to the elimination of redevelopment funding from the State; and that the City continues to encourage and support the numerous State Senators to stand firm against the State's action.

City Manager/Executive Director Lazzaretto commented that City Staff has and will continue to reach out to State's Legislators in opposition to the proposed elimination of redevelopment funds.

Mayor/Chairperson Rodriguez encouraged each Council Member to draft their own letters in opposition to the Assembly Bill; that the State has commented that they would possibly get another program to replace redevelopment funding; and that La Palma has used redevelopment funds conservatively.

By consensus, the City Council agreed to approve Staff's recommendation to act on the Assembly Bill x126 (ABx126) eliminating redevelopment funds once pending matters develop further, to be prepared to convene for a Special Meeting on short notice, and to pay off existing loans.

ADJOURNMENT

Chairperson Rodriguez adjourned the Regular Meeting of the La Palma Community Development Commission at 11:23 p.m.

Ralph D. Rodriguez
Chairperson

Attest:

Laurie A. Murray, CMC
Secretary