

MINUTES OF THE REGULAR MEETING
OF THE LA PALMA CITY COUNCIL

June 16, 2015

CALL TO ORDER: Mayor Kim called the Regular Meeting of the La Palma City Council to order at 6:45 p.m. in the Council Chambers of La Palma City Hall, 7822 Walker Street, La Palma, California, with Mayor Pro Tem Goedhart being absent.

CLOSED SESSION

CS-1. The City Council will meet in Closed Session pursuant to Government Code Section 54957.6: CONFERENCE WITH LABOR NEGOTIATORS

Agency Designated Representatives: Ellen Volmert, City Manager
Laurie Murray, Administrative
Services Director
Steve Filarsky, Agency Labor
Counsel

Employee Organizations: La Palma General Employees
Association
La Palma Police Association
La Palma Professional
Employees Association

Unrepresented Employees: Executive Management

Mayor Kim recessed to Closed Session at 6:45 p.m.

Mayor Kim adjourned the Closed Session at 6:57 p.m.

Mayor Kim reconvened the City Council in Open Session at 7:00 p.m., with Mayor Pro Tem Goedhart being absent, and asked for a report.

Administrative Services Director/City Clerk Murray responded that there were no reportable actions from Closed Session Item CS-1.

PLEDGE OF ALLEGIANCE: Council Member Steggell

INVOCATION: Pastor Jerry Bennett, Faith Fellowship Church

ROLL CALL: Council and Commission Members

Council/Commission Members present: Council/Commission Member Hwangbo, Mayor/Chairperson Kim, Council/Commission Member Shanahan, and Council/Commission Member Steggell

Council/Commission Members absent: Mayor Pro Tem/Vice Chairperson Goedhart

City Officials present: Ellen Volmert, City Manager
Michelle Molko, Assistant City Attorney
Michael Belknap, Community Services Director
Douglas Dumhart, Community Development Director
Laurie Murray, Administrative Services Director/City Clerk
Eric Nuñez, Police Chief
Kimberly Kenney, Minutes Clerk

PRESENTATIONS

1. Mayor Kim presented a Proclamation to Community Services Recreation Specialist Andrea Terry declaring July as Parks and Recreation Month.
2. Mayor Kim announced that Home Spotlight award will not be presented at this meeting and Community Services Director Belknap responded that the Home Spotlight Committee will deliver the award to Ken and Kelly Heffernan, for their home at 4961 Partridge Circle, La Palma.

ORAL COMMUNICATIONS

Larry Herman, a La Palma resident, addressed the City Council regarding his appreciation for Staff's removal of dead trees along Houston Avenue.

RECESS THE CITY COUNCIL AND CONVENE AS THE CITY OF LA PALMA AS SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION AT 7:06 P.M.

Administrative Services Director/City Clerk Murray stated, "The City Council will now recess and convene as the Successor Agency to the Dissolved Community Development Commission of the City La Palma, and then recess and convene as the Planning Commission. Members of the La Palma City Council receive no compensation or stipend as a result of convening or participating in either the Successor Agency or Planning Commission meetings, or otherwise as serving as members of the Successor Agency or Planning Commission."

CONSENT CALENDAR

A. Approval of Successor Agency Minutes

Minutes of the June 2, 2015, Regular Meeting of the Successor Agency.

B. Successor Agency 3rd Quarter Cash and Investment Report, Fiscal Year 2014-15, as of March 31, 2015

Receive and file the Cash and Investment Report for the third quarter of Fiscal Year 2014-15.

Council Member Shanahan made a motion to approve Consent Calendar Items A and B.

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

AYES:	Council Member Hwangbo, Mayor Kim, Council Member Shanahan, and Council Member Steggell
NOES:	None
ABSENT:	Mayor Pro Tem Goedhart

PUBLIC HEARINGS

None Scheduled.

REGULAR ITEMS

None Scheduled.

RECESS THE CITY OF LA PALMA AS SUCCESSOR AGENCY TO THE DISSOLVED
COMMUNITY DEVELOPMENT COMMISSION, AND CONVENE AS THE PLANNING
COMMISSION AT 7:07 P.M.

CONSENT CALENDAR

PL-1. Approval of Planning Commission Minutes

Minutes of the June 2, 2015, Regular Meetings of the Planning Commission.

Commission Member Hwangbo made a motion to approve Consent Calendar Item PL-1.

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

AYES:	Commission Member Hwangbo, Chairperson Kim, Commission Member Shanahan, and Commission Member Steggell
NOES:	None
ABSENT:	Vice Chairperson Goedhart

PUBLIC HEARINGS

None Scheduled.

REGULAR ITEMS

None Scheduled.

ADJOURN THE PLANNING COMMISSION AND RECONVENE AS THE CITY COUNCIL
AT 7:08 P.M.

CONSENT CALENDAR

1. Waive the Reading of All Ordinances

Waive the reading of all Ordinances in their entirety and read by title only.

2. Approval of Council Minutes

Approve the Minutes of the June 2, 2015, Regular Meeting of the City Council.

3. Approval of Register of Demands

Resolution No. 2015-22 approving the Registers of Demands for June 2, and June 16, 2015.

4. City of La Palma 3rd Quarter Cash and Investment Report, Fiscal Year 2014-15, as of March 31, 2015

Receive and file the Cash and Investment Report for the third quarter of Fiscal Year 2014-15.

5. 2015 Annual Water Quality Report

Receive and file the 2015 Annual Water Quality Report and direct staff to print and distribute the report to the residents of La Palma.

6. Renewed Measure M (M2) Submittal Package

Approve the Renewed Measure M (M2) eligibility submittal package to the Orange County Transportation Authority.

7. Circulation Element and Mitigation Fee Program

Resolution No. 2015-23 certifying that the current General Plan Circulation Element is consistent with the Master Plan of Arterial Highways and reaffirms that the City Council concurs with the existing Mitigation Fee Program.

8. Notice of Completion and Acceptance of Work for the Pavement Rehabilitation of Residential Streets with Asphalt Rubber Overlay (ARHM), City Project No. ST-337

Accept the work and authorize the Community Services Director to file the Notice of Completion and Acceptance of Work with the Orange County Recorder for the Pavement Rehabilitation of Residential Streets with Asphalt Rubber Overlay (ARHM), City Project No. ST-337.

Council Member Steggell made a motion to approve Consent Calendar Item 1 through 8.

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

AYES: Council Member Hwangbo, Mayor Kim,
Council Member Shanahan, and Council
Member Steggell

NOES: None

ABSENT: Mayor Pro Tem Goedhart

PUBLIC HEARINGS

9. Consideration of an Ordinance of the City Council of the City of La Palma Amending Chapter 10 Adding Article IIA entitled "Permitting Procedures for Small Residential Solar Energy Systems"

- a) Mayor Kim opened the Public Hearing at 7:09 p.m.
- b) Community Development Director Dumhart gave the Staff Report.

Mayor Pro Tem Goedhart joined the meeting at 7:13 p.m.

- c) Public Input:
No members of the public wished to speak.
- d) Mayor Kim closed the Public Hearing at 7:16 p.m.
- e) City Council Comments and Questions:
None.
- f) Introduce for first reading an Ordinance amending Chapter 10 of the La Palma Municipal Code to add Article IIA permitting procedures for small residential solar energy systems

Council Member Shanahan made a motion to introduce for first reading an Ordinance amending Chapter 10 of the La Palma Municipal Code to add Article IIA permitting procedures for small residential solar energy systems.

Council Member Hwangbo noted his opposition to having the State make mandates and force penalties for noncompliance. He asked what the outcome would be if the City did not adopt the State mandates for Solar Energy System permitting processes.

Assistant City Attorney Molko responded that no enforcement action would be made at the local level; however, if the City tried to apply for State grant funding for solar projects, the State could deny the request.

Discussion ensued regarding limiting the amount of the permit fee; that the City's solar permit is \$188; that the law allows the City to charge up to \$500 for the solar permit; that the City's permit charge covers the inspection cost; that as solar panel competition increases, Staff has noticed that companies have been cutting corners, sometimes requiring a second inspection; and that if the applicant does not pass the first inspection, the City charges a second inspection fee that offsets the cost of the inspector.

Council Member Hwangbo seconded the motion and it carried on the following vote:

AYES: Mayor Pro Tem Goedhart, Council Member Hwangbo, Mayor Kim, Council Member Shanahan, and Council Member Steggell

NOES: None

10. Consideration of Cost of Living Adjustment to Fee Schedules and Recovery of Credit Card Bank Charges

- a) Mayor Kim opened the Public Hearing at 7:20 p.m.
- b) Administrative Services Director Murray gave the Staff Report.
- c) Receive Public Input:

No members of the public wished to speak.
- d) Mayor Kim closed the Public Hearing at 7:23 p.m.
- e) City Council Comments and Questions:

Discussion ensued regarding the ability to approve a resolution that automatically increases the annual fees based on the Consumer Price Index (CPI).

Assistant City Attorney Molko responded that fees should be adjusted periodically, but that the fees need to be linked to the actual cost of providing service and therefore requires City Council approval.

Administrative Services Director Murray also noted the specific noticing requirements for fee increases that would not be met with an automatic fee increase.

- f) Adopt a Resolution Establishing an Updated Schedule of Certain Development Project Fees and Service Charges and authorizing recovery of credit card charges.
- g) Adopt a Resolution Establishing an Updated User Fee Schedule for Various Municipal Activities and Services and authorizing recovery of credit card charges.

Mayor Pro Tem Goedhart made a motion to adopt Resolution No. 2015-24 establishing an updated Development Project Fee Schedule with service charges and authorizing recovery of credit card charges and adopt Resolution No. 2015-25 establishing an Updated User Fee Schedule for various municipal activities and services and authorizing recovery of credit card charges.

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

AYES: Mayor Pro Tem Goedhart, Council Member Hwangbo, Mayor Kim, Council Member Shanahan, and Council Member Steggell

NOES: None

RECONVENE THE CITY OF LA PALMA AS THE SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION FOR A JOINT MEETING WITH THE CITY COUNCIL AT 7:39 P.M.

PUBLIC HEARINGS

11. Adoption of Fiscal Year 2015-16 Operating and Capital Budget

- a) Mayor Kim opened the Public Hearing at 7:40 p.m.
- b) Administrative Services Director Murray gave the presentation on the overall proposed Budget.

City Manager Volmert continued the presentation regarding the essential Staff position review.

Administrative Services Director Murray closed the presentation with a review of the financial information.

c) Public Input:

Ralph Rodriguez, a La Palma resident, addressed the City Council regarding the difficulty of following the budget discussions; opposition to not having a Finance Director; how the City plans to maintain the community and infrastructure without a City Engineer; that existing residents want to repeal the Utility User Tax (UUT); his opposition to any new tax initiative; that using the City's reserves should not be done frivolously, but should be used to protect community services; the impact of eliminating the Fit 'N' Fun program; and cautioned the City Council that angry voters would not support a tax initiative.

Keith Nelson, a La Palma resident, addressed the City Council regarding clarification of the Credit Card fee amount to be collected in the previous proposal.

Administrative Services Director Murray responded that the City does not have access to credit card fees at this time and will return to the City Council for approval when the analysis comes back from the City's financial institution.

Mr. Nelson continued by commenting on several cost saving suggestions he made at previous City Council meetings to address the City's budget issues; gave a history of the background and beginning of La Palma Days; suggested the use of Reserves for one year; opposition to not having his previous suggestions discussed as part of the budget process; opposition to a revenue generating tax measure; and stated his opposition to plans to eliminate programs and events that make La Palma a wonderful community.

Kerry Bryan, a La Palma resident, addressed the City Council regarding his appreciation for City Council and Staff during the difficult Budget process and decision making; asked about the long term program to address payment of the City's unfunded pension liability; asked for clarification on the actual amount in the City's General Fund Balance Reserve; how staffing attrition in the Police Department affects community services; expressed his concerns for the City's financial status and that long term planning will need to be conducted; and thanked Staff for their service.

Administrative Services Director Murray responded that, prior to 2015, the City was unable to address its unfunded pension liabilities due to the CalPERS structure;; that CalPERS has instituted a payment plan for all agencies to pay off their unfunded liabilities in full over the next 30 year period; that City Council Policy is to have \$250 thousand in cash flow

reserves; and that there is enough in the City's General Fund balance to cover this year's deficit.

Police Chief Nunez responded that the City's staffing reductions have been difficult on all departments; that the Police Department is currently at minimal staffing levels; and that any additional staffing cuts to the Police Department would cause adverse effects.

Mayor Kim reminded the public that the City's current financial dilemma is not a one-year problem, but rather a structural deficit that continues to increase over the next ten years.

Larry Herman, a La Palma resident, addressed the City Council regarding his support for keeping La Palma Days; the importance of the City having an identifying event that sets La Palma apart; encouragement to continue some programs that are up for elimination; support to use the City's Reserves for the La Palma Days event; and the ability to find other ways to reduce the costs of the La Palma Days event.

d) Mayor Kim closed the Public Hearing at 8:20 p.m.

e) City Council Comments and Questions:

Discussion ensued regarding the City Council's appreciation for the public comments; that 'suspending' a major event most likely results in the event's elimination; Council Member Shanahan's recommendation to support the La Palma Days event at a 10-20% reduced rate and search for savings or outside funding to cover the difference; that the City Council initially did not want to suspend or eliminate La Palma days, but that it is not fair to pick which events or programs are more important than others; that the City's structural deficit cannot be ignored; the impact of outside issues on the City's revenue generation including the economic downturn; that La Palma is not designed for large sales tax revenue producers; that this City Council has done an aggressive job at reducing expenditures; that there is no perfect budget; support for not terminating La Palma Days abruptly and having the event for one more year; that City events promote community spirit; that the proposed program cuts were not an easy decision for the City Council; that prior to adopting the proposed budget, the City Council should take a moment to evaluate all the cuts and review options before making any final decisions; that passionate things are being said because the community is passionate about its programs; that the City Council is responsible for the City's finances; and that other factors besides money need to be considered before the program and event cuts are finalized.

Mayor Kim requested to take a short recess at 8:37 p.m.

Mayor Kim reconvened the City Council at 8:43 p.m. with all members present and reopened the Public Hearing.

Further discussion ensued regarding disappointment with public commenters exiting the meeting before the City Council has addressed their comments; that the only way to fix the City's financial problem is to reduce expenditures, increase revenues, or a combination of both; that the City Council is responsible to reduce expenditures before a tax measure is brought forward; opposition to insulting comments made regarding Staff and inferences of misdirection by the City Council; that the City's finances are such that a discussion on funding a parade versus police services needs to take place; the City's large increase in pension costs this year alone; that the City Council has made every cut they can and examined everything; to infer that the City can just continue to spend its Reserves, is not fiscally responsible; that the City Council was elected to make the tough decisions; that if La Palma Days is important to the City, then the community should raise the funds for the event; support for the Parade committee to raise 25% of the total cost of the parade for FY 2015-16 as the City can no longer fund the event; support for not eliminating the Fit N Fun program, but research cost sharing; support to fund the League of California Cities membership (LOCC) for another year; and support for a discussion on what items the City Council would like to take off the list of eliminations.

Council Member Shanahan noted his support to keep Fit 'N' Fun, not funded by the City, but find funding elsewhere; support for funding La Palma Days for one more year with a 10-20% funding contribution from funds raised by the Parade Committee; and support to fund the League of California Cities membership (LOCC) for another year.

Community Services Director Belknap responded that Staff is having ongoing discussions with Centralia and Cypress School Districts; that Staff is sending out a survey to Fit 'N' Fun parents to see their interest in a funding level for the program; and that Staff will return to the City Council with the results.

Council Member Steggell noted her support for keeping the annual Run 4 Fun event; support to keep the PIY program and expressed an interest in sponsoring the program; that Fit 'N' Fun should be fully funded by parents; and to reinstate La Palma Days this year with the caveat that funding from the Parade Committee contribute 25% of the cost.

Police Chief Nunez commented that Staff is meeting with local schools and PTA's in the possibility of offsetting costs and funding for the PIY program. City Manager Volmert responded that Staff is meeting with the local school districts to discuss Fit N Fun, PIY, and crossing guards, and other programs and will return to Council with the outcome.

Council Member Hwangbo commented that the City needs to have a discussion on the type of government it wishes to be; that the City cannot continue to keep cutting; that clarity needs to be given to Staff and Committees; does the City Manager have any considerations to be made that are critical to the organization that should not be eliminated.

City Manager Volmert responded that a concern is the elimination of the LOCC membership because of the access to the substantial changes, updates, and lobbying efforts of City related concerns and economic driving issues.

Council Member Hwangbo continued his comments by stating that large cities have sufficient staff to perform the functions that the membership to LOCC provides; support to keep the LOCC Membership; that the LOCC membership cost is reasonable considering the limitations of La Palma's downsized organization; a recommendation to support a \$5,000 placeholder in the budget for purchasing a mobile application; that Staff could do some mobile application research over the summer and bring it back to the City Council for a formal recommendation.

Mayor Pro Tem Goedhart noted his opposition to spending tax payer money on La Palma Days; opposition to using tax payer money for the Fit 'N' Fun program; opposition to paying for the LOCC membership; support to let citizen committees raise money for the events they want to keep; that the information received from the LOCC can be found other ways than paying for an annual membership; opposition to spending funds for a mobile application; that he has been very clear from the beginning of the budget process that he supports the recommended cuts because of the financial situation that the City is facing; that the deficit is going to grow; that the Parade Committee did not raise the funds they were requested to a few years ago for La Palma Days; and that the City Council serves a group of 16,000 residents and expenditures should benefit all of them--not just some--and should be financially responsible to that group.

Mayor Kim commented that he does not support reinstating anything that was recommended for elimination; that his decisions were difficult; that throughout the two month budget process, the City Council had an obligation to review essential versus non-essential services; that ultimately, this exercise was necessary before the City considers going to

the public asking for additional revenue; that he would love to keep everything, but that the City's financial difficulties are not just a one year problem, but a ten year problem; that the City kept getting hit with more bad financial news and forecasts; and that the reality is La Palma does not have the revenue to fund every program and provide essential services.

Further discussion ensued regarding that the annual Run 4 Fun event is already scheduled for this fiscal year and would need to be discussed next year; that the PIY program funding is currently being discussed with the school districts in hopes of a future agreement so no action needs to be taken at this time and will come back for review; that the Fit 'N' Fun program has support for suspension until funding can be determined; and that the timing to suggest funding a smart phone application could not be more disadvantageous.

Council Member Hwangbo made a motion to place a \$5,000 placeholder for a smart phone application in the FY 2015-16 Budget. The motion died for lack of a second.

Council Member Shanahan made a motion to approve the reinstatement of LOCC membership at \$8,000 in the FY 2015-16 Budget. The motion was seconded by Council Member Hwangbo and failed on the following vote:

AYES: Council Member Hwangbo and Council Member Shanahan.

NOES: Mayor Pro Tem Goedhart, Mayor Kim, and Council Member Steggell.

Mr. Nelson, a La Palma resident, addressed the City Council regarding setting funding expectations for La Palma Days Parade Committee; that he has been on the committee for 30 years; and that the Committee could help reduce costs by 20% and/or increase revenue; and that the City Council hold them to their commitment for the FY 2015-16 year.

Mayor Kim closed the public hearing at 9:30 p.m.

Community Services Director Belknap expounded on the areas of La Palma Days that can be modified; that Corporate Connection sponsorship has reached its maximum limit given current staffing; that Staff has looked at sponsorship for the La Palma Pageant; that band participation fees could be increased; that if the City Council commits to the 2015 La Palma Days, it is committed to the program whether or not the Parade Committee reaches the 20% goal; and that is highly unlikely that if the funds are not

received to meet the goal prior to the event, that they will not be met after the conclusion of the event.

Further discussion ensued regarding the Committee's success in reaching its goal will show a need for the program otherwise it will not return; whether there is enough support to keep La Palma Days if the Committee goal to reach 20-25% funding of the total cost of La Palma Days; that Staff would be willing to cut entertainment costs if the committee worked with Staff; that Staff would have a difficult time reaching sponsorship beyond its Corporate Connection program; support to keep La Palma Days for this last year; that Council Member Hwangbo will help raise money to sponsor the event; clarification that the City would fund 75% of the cost of the event and that the Parade Committee be responsible to raise the 25% of La Palma Days; the goal would equal approximately \$17,000 in sponsorship; and support to have the La Palma Days Parade Committee to be responsible for the 20% reduction in City costs of the event through revenue enhancements, expense reductions, or sponsorships.

Council Member Shanahan made a motion to approve the reinstatement of La Palma Days at an 80% funding level with the caveat that the Parade Committee be responsible to fund the 20% balance achieved through sponsorships, revenue enhancements, or expenditure savings. The motion was seconded by Council Member Steggell.

Mayor Pro Tem Goedhart stated his opposition to the motion as it results in adding an additional \$46,000 to the City's existing and growing deficit.

The motion carried on the following vote:

AYES: Council Member Hwangbo, Council Member Shanahan, and Council Member Steggell

NOES: Mayor Pro Tem Goedhart and Mayor Kim

- f) Adopt a Resolution approving and adopting a Budget for Fiscal Year 2015-16, which includes the City's Financial Policy Statements
- g) Adopt a Resolution approving the City's Annual Appropriations Limit for Fiscal Year 2015-16; or

Council Member Hwangbo made a motion to adopt Resolution No. 2015-26 approving and adopting a Budget for Fiscal Year 2015-16, which includes the City's Financial Policy Statements and the inclusion of La Palma Days, and adopt Resolution No. 2015-27 approving the City's Annual Appropriations Limit for Fiscal Year 2015-16. The motion was seconded by Council Member Shanahan.

Discussion ensued regarding the need to revisit the items discussed; that projections could be higher or lower than expected; that this is not a perfect budget and will be examined during midyear; that the City Council needs to have a discussion on what is important to the City; and that the La Palma Days expenditure drains the reserve funds.

The motion carried on the following vote:

AYES: Council Member Hwangbo, Council Member Shanahan, and Council Member Steggell

NOES: Mayor Pro Tem Goedhart and Mayor Kim

Further discussion ensued regarding appreciation for Staff's hard work involved in this year's budget process.

ADJOURN THE CITY OF LA PALMA AS SUCCESSOR AGENCY TO THE DISSOLVED COMMUNITY DEVELOPMENT COMMISSION AT 9:47 P.M.

REGULAR ITEMS

None Scheduled.

COUNCILMEMBER AB1234 REPORTS, REPORTS FROM CITY-AFFILIATED COMMITTEES, AND COUNCIL REMARKS

Council Member Shanahan had nothing to report.

Council Member Steggell attended the fundraiser for the American Cancer Society Relay for Life.

Council Member Hwangbo had nothing to report.

Mayor Pro Tem Goedhart asked for an update on the Climatec energy project and asked to be updated periodically in the weekly report.

Community Services Director Belknap responded that the project is taking longer than expected because of supply issues; that the lighting at Central Park, in the basketball and tennis court areas are complete and the Right of Way lighting is being finalized; that the new HVAC system has been installed in the Community Services Administration Office, but the computerized portion is not complete yet; and that the streets signals and street lights are not complete due to supply issues.

Mayor Kim attended the American Cancer Society Relay for Life event; and the Orange County Sanitation District (OCSD) Administration Committee meeting.

CITY MANAGER REMARKS

City Manager Volmert stated that she is trying to finalize a date for the Business Expo requested that the City Council provide their availability for proposed dates to staff.

CITY ATTORNEY REMARKS

Assistant City Attorney Molko had nothing to report.

ADJOURNMENT

Mayor Kim adjourned the Regular Meeting of the La Palma City Council at 9:50 p.m.

Peter L. Kim
Mayor

Attest:

Laurie A. Murray, CMC
City Clerk