

MINUTES OF THE REGULAR MEETING  
OF THE CITY OF LA PALMA AS SUCCESSOR AGENCY TO THE  
DISSOLVED COMMUNITY DEVELOPMENT COMMISSION

June 16, 2015

CALL TO ORDER: Mayor Kim called the Regular Meeting of the City of La Palma as Successor Agency to the Dissolved Community Development Commission to order at 7:06 p.m. in the Council Chambers of La Palma City Hall, 7822 Walker Street, La Palma, California, with Mayor Pro Tem Goedhart being absent.

PLEDGE OF ALLEGIANCE: Council Member Steggell

INVOCATION: Pastor Jerry Bennett, Faith Fellowship Church

ROLL CALL: Council Members

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

Commission Members absent: Mayor Pro Tem 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

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 AT 7:07 P.M.

RECONVENE THE CITY OF LA PALMA AS THE SUCCESSOR AGENCY TO THE  
DISSOLVED COMMUNITY DEVELOPMENT COMMISSION FOR A JOINT MEETING  
WITHT 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.

**Commented [VE1]:** Are we coming back for approval or just to get info back to the CC and the public once we know the amounts?

**Commented [ML2]:** We have the approval for the pass through, but it will involve a revision to the City's banking agreement, which should go to Council for approval. We are wrapping in reductions to the fees we are paying as part of this – and very well may roll in the credit cards for departments.

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:

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| 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.

#### ADJOURNMENT

Mayor Kim adjourned the Regular Meeting of the City of La Palma as Successor Agency to the Dissolved Community Development Commission at 9:47 p.m.

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Peter L. Kim  
Mayor/Chairperson

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Attest:

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Laurie A. Murray, CMC  
City Clerk/Secretary

