

CITY MANAGER'S OFFICE

ADMINISTRATIVE REPORT 2017-04

February 2, 2017

TO: La Palma City Council

FROM: Laurie A. Murray, City Manager

In This Week's Report

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Other Attachments & Correspondence from Other Organizations

- Property Tax Newsletter
- League of California Cities Article RE: Executive Order on Immigration

City Manager's Office News

Agenda Summary: The Successor Agency Agenda Consent Calendar has only routine items, the Minutes.

The City Council Consent Calendar also has routine items, including the Minutes, the Register of Demands, the Water Conservation Report, and Destruction of Records.

It also has approval of an application for Community Development Block Grant (CDBG) funds for Public Facilities and Improvements (PF&I). For the last two years the City has applied for and been awarded CDBG funding, administered by the County of Orange, for Americans with Disabilities (ADA) Access improvements to the City's pedestrian access ramps. This year due to timing and budget consideration, staff completed the application rather than having our Grants Consultant do so. The Request for Proposals (RFP) for the current round of funding was released by the County in early January. The deadline to apply was January 25, 2015, at 12:00 p.m. and staff submitted the City's

application, pending City Council approval. For this third round, the grant requested is \$270,000 to construct 75 ADA pedestrian ramps in 2018.

There are no Public Hearings scheduled and the two Regular Items on the Agenda as follows:

- Adoption of City Council Goals - The City Council held a Strategic Planning and Goal Setting Workshop on January 27, 2017, where they discussed a variety of both short term and long range issues. The City Manager was tasked with final draft wording of these goals to return to the City Council on February 7, 2017. The specific goals can be found in the Staff Report. Once adopted, the goals will be incorporated into the City's work plans, budget, and other processes such as labor negotiations and departmental goal setting.
- Amendments to Council Policy 3: City Committees and Combination of the Development and Traffic Safety Committees - At its December 20, 2016, meeting during discussions regarding appointments to external committees and internal subcommittees, the City Council directed staff to bring back an amended Council Policy 3 to state that interviews would be conducted by the entire City Council rather than by just the Mayor and Mayor Pro Tem. At its January 27, 2017, Strategic Planning and Goal Setting Workshop, the City Council discussed that the Traffic Safety Committee has seen an increase in the cancellation of meetings due to a mixture of lack of business and a lack of quorum and that although the Development Committee has met the minimum of six meetings per year for the last three years, they have had to reschedule or call for special meetings due to lack of quorum or to appropriately respond to the timing of development applications. Also, during this past year there were instances where multiple members of a committee had to recuse themselves from participating in a decision where the property being discussed was within 500 feet of their own property. To that end language is being suggested as a modification to Council Policy 3 to ensure a quorum can be met.

City Manager Attending LOCC City Managers Department Meeting: The City Manager will be out of town February 8 – 10 attending the League of California Cities (LOCC) City Managers Department Meeting. As such, there will be no Administrative report next week. Chief Kim will be Acting City Manager while she is travelling. However, she will be available by phone and e-mail on a limited basis.

Administrative Services News

Increase Seen in Property Tax Revenue (w/attachment):

The City experienced a net taxable value increase of 4.9% for the Fiscal Year 2016-17 tax roll, which is slightly less than the increase experienced countywide at 5.4%. The assessed value increase between FY 2015-16 and FY 2016-17 was \$92.9 million. The change attributed to the 1.525% Proposition 13

Year	SFR Sales	Median Price	% Change
2010	101	\$540,000	
2011	89	\$470,000	-12.96%
2012	98	\$468,500	-0.32%
2013	111	\$572,000	22.09%
2014	106	\$602,750	5.38%
2015	122	\$625,500	3.77%
2016	108	\$616,000	-1.52%

inflation adjustment was \$24.2 million, which accounted for 26% of all growth experienced in the City. The majority of the City's value is residential which account for 75.5% of all value in

the City. Residential value increased by \$59.7 million (4.1%) in FY 2016-17. The median sale price of a single family home in La Palma from January through December 2016 was \$616,000. This represents a \$9,500 (-1.5%) decrease in the median sale price from 2015, but is within 6% of the highest median sale prices that were last seen in 2006. A copy of the HdL Property Tax Summary is attached for your reference.

Community Development News

Elderly Widow Assisted With A Lot of Help From the Community: Last week we informed you about a code enforcement issue on Puerto Rico. Staff inspected the single story property and found neglected and overgrown landscape and peeling paint on the house. City Code Enforcement Officer Marion Cubero discovered that the property owner was an elderly widower with limited income and who has no family members to assist her in addressing the deferred maintenance issues on her home. Marion sprung into action and solicited help from the La Palma Christian Center and donations from both Home Depot and Vista Paint in Fullerton, who donated \$238 in materials. This past Sunday more than a dozen members of the La Palma Christian Center congregation showed up to help repaint the home. Our thanks to Marion for finding a solution for the resident, to Home Depot and Vista Paint for supplies, and to the volunteers from the La Palma Christian Center who went the extra mile to help out a long time La Palma homeowner who needed assistance with her property maintenance.



La Palma Christian Center Volunteers at work

Police Department News

North County SWAT Activation / Brea Homicide Suspect Arrested: On January 27 a homicide occurred in a parking structure outside a Target store in the city of Brea. Brea Detectives conducted an investigation and identified a suspect. The North County SWAT Team was activated to serve a high-risk search warrant and arrest a suspect believed to be involved in the homicide. La Palma Police Dispatcher Karen Ramirez was notified and responded to assist with the SWAT operation as a Tactical Dispatcher. A high-risk warrant was served on a residence in the city of Fullerton and a suspect was arrested. Further investigation led to the arrest of second suspect in the city of Moreno Valley.



Window Smash Burglary at Tokyo Grill: During the early morning hours of January 30, officers responded to the Centerpointe complex regarding a possible burglary that just occurred. An employee from a near-by business reported hearing the sound of glass breaking and observed a male subject running away from the Tokyo Grill restaurant. Officers searched the area and were unable to locate a suspect. Further investigation revealed an attempted burglary occurred but it was unclear if the suspect had actually made entry into the business. There was no loss reported. The investigation is continuing.

Window Smash Burglary at Flame Broiler: During the early morning hours of January 31, the Police Department received a 911 call from a Concentra employee at the Centerpointe complex. The employee heard loud noises coming from the Flame Broiler restaurant next door. Officers responded to the area and discovered that a burglary had occurred. Based on surveillance video at the restaurant, four masked subjects entered the restaurant by breaking the front door glass. Once inside, the subjects forced open a safe and fled with an unknown amount of cash. Coincidentally, a La Palma officer was patrolling several commercial and retail areas throughout the City during this evening, due to a recent uptick in these types of burglaries occurring throughout the county. The Police Department will continue to enhance patrols as the investigations continue.

Repeat Offender DUI Suspect Arrested: On February 1 during daytime hours, a motorist reported a female subject driving recklessly in the area of Crescent and Moody. Officers responded to the area and located the vehicle. Officers conducted an investigative stop and contacted the female driver, who was heavily intoxicated. Further investigation revealed the driver was currently on court probation for Driving Under the Influence (DUI) and had several prior DUI arrests. A DUI investigation was conducted and the subject was subsequently arrested. The subject was booked at the La Palma jail and later released on citation.

Citywide News

Full Time Personnel Activity	
Position	Status
Civilian Investigator	Candidate in background
Police Dispatcher/Clerk	1 Candidate in background; Caitlin Boshears-Ramos starts February 20
Police Officer (Eligibility List)	Recruitment closes February 5
Police Records Clerk	Second interviews held February 1
Water Service Worker I/II	Chad Gafford started January 23
Recreation Supervisor	Position being reviewed

Agenda Planning Guide

(All meetings start at 7:00 p.m., unless otherwise indicated)

Items listed on the planning guide are tentative and subject to move to different dates

February 7

Community Development Block Grant
 City Council Goals
 Update Council Policy 3 and Combine Traffic Safety & Development Committees
 City Council Goals

February 21

Eagle Scout Recognition
 Cash and Investment Reports
 Second Quarter Financial Report
 General Plan Progress Report
 Fiscal Year 2016-17 Mid-Year Budget Adjustments
 (First Reading/Introduction) Ordinance updating Chapter 40 (Vehicles and Traffic) and Chapter 44 (Zoning Code) of the La Palma Municipal Code to facilitate combining of Development and Traffic Safety Committees

Tuesday, February 28 Special Meeting @ 6:00 p.m.

Study Session: Long Term Financial Plan and Budget Priority Discussion

March 7

Eagle Scout Recognition
 2017 Street Closures – City Special Events (Second Reading) Ordinance updating Chapter 40 (Vehicles and Traffic) and Chapter 44 (Zoning Code) of the La Palma Municipal Code to facilitate combining of Development and Traffic Safety Committees

Week of March 13 Date To Be Determined Council Appointed Citizen Committee Interviews

March 21

Appointment of Committee Members
 Destruction of Obsolete Records

April 4

Fiscal Year 2017-18 Capital Improvement Plan

April 18

Long Term Financial Plan, Fiscal Status, Budget Priorities, Revenues, Expenditures, Supplemental Budget Requests, Fee Resolution

Tuesday, April 25 Special Meeting @ 7:00 p.m.

Study Session: Budget Workshop

May 2

Draft Budget

May 16

Cash and Investment Reports
 Third Quarter Financial Report
 Budget Questions

June 6

Adoption of FY 2017-18 Proposed Budget



LA PALMA

2016/17 PROPERTY TAX SUMMARY



The City of La Palma experienced a net taxable value increase of 4.9% for the 2016/17 tax roll, which was slightly less than the increase experienced countywide at 5.4%. The assessed value increase between 2015/16 and 2016/17 was \$92.9 million. The change attributed to the 1.525% Proposition 13 inflation adjustment was \$24.2 million, which accounted for 26% of all growth experienced in the city.

The City's assessed values continue to increase at a steady pace. Over the past 5 years, taxable values have increased in every year and the gains total \$279.1 million (16.25%). The current year values are just under \$2 billion. The majority of the City's value is residential. These residential values account for 75.5% of all value in the City and increased by \$59.7 million (4.1%). Unsecured values increased by \$16.3 million (25%) but \$12.7 million of this amount was due to two escaped assessments on Dexus Social LLC. These assessments are one-time assessments and will not recur for 2017-18. Commercial values increased by \$7.6 million (3.0%) and Industrial values increased by \$8.3 million (6.6%).

The increase in industrial values was driven by the addition of \$6.8 million in value for Dexus Social LLC on their property at 5911 Fresca Drive. The increase in residential property values was driven by sales during 2015 that added \$24.5 million in value to the 2016-17 rolls and by the recovery of \$9.4 million in values reduced under Prop 8 in prior years. There are still 285 homes that have values that are below their adjusted base with \$27.8 million remaining to be recovered.

The housing market continues to improve with sales of homes increasing year over year in most areas of the State. In some areas, the current median has surpassed the median at the height of the real estate bubble. Sale volume is down slightly throughout the state when compared to 2015. The majority of sales now seem to be primarily non-distressed properties where the buyer plans to live in the home. This is a departure from the large number of short sales and investor buying experienced over the past several years. The median sale price of a single family home in La Palma from January through December 2016 was \$616,000. This represents a \$9,500 (-1.5%) decrease in median sale price from 2015.

Year	SFR Sales	Median Price	% Change	2016/17 Tax Shift Summary	
2010	101	\$540,000		ERAF I & II	\$-521,059
2011	89	\$470,000	-12.96%	VLFAA	\$1,396,802
2012	98	\$468,500	-0.32%		
2013	111	\$572,000	22.09%		
2014	106	\$602,750	5.38%		
2015	122	\$625,500	3.77%		
2016	108	\$616,000	-1.52%		

Top 10 Property Owners

Owner	Net Taxable Value	% of Total	Use Type
1. REALTY ASSOCIATES FUND IX LP	\$90,966,577	4.55%	Commercial
2. DEXUS SOCIAL LLC	\$38,684,663	1.94%	Industrial
3. KAISER	\$30,781,810	1.54%	Commercial
4. PRIME HEALTHCARE LA PALMA LLC	\$28,610,545	1.43%	Commercial
5. LA PALMA PAPER	\$21,823,977	1.09%	Industrial
6. ADP INC	\$20,502,657	1.03%	Commercial
7. BRE LQ PROPERTIES LLC	\$20,255,769	1.01%	Commercial
8. HUNTINGTON-HUMBOLDT	\$14,857,602	0.74%	Residential
9. CASA LA VETA ASSOCIATES	\$14,034,047	0.70%	Residential
10. AL U S LAPALMA II SENIOR HOUSING L P	\$13,203,590	0.66%	Commercial
Top Ten Total	\$293,721,237	14.71%	

Real Estate Trends

Home Sales

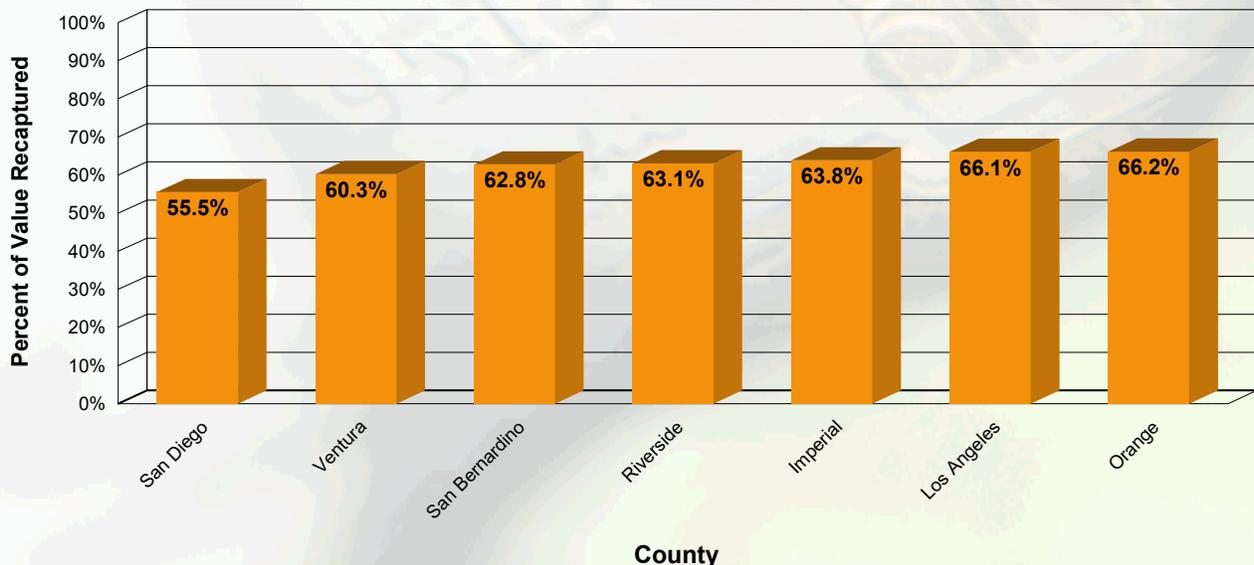
Home sales continue to rebound in many parts of the State but at a slower pace than last year. This is mainly due to inventory and affordability constraints. The reported median price of an existing, single family detached home in California during June 2016 was \$519,440. This was a 5.5 percent increase from \$492,320 in June 2015.

All Homes	Units Sold June-2015	Units Sold June-2016	% Change	Median Price June-2015	Median Price June-2016	% Change
Imperial County	155	153	-1.29%	\$185,000	\$201,000	8.65%
Los Angeles County	8,152	7,869	-3.47%	\$499,000	\$530,000	6.21%
Orange County	3,850	3,786	-1.66%	\$628,500	\$657,500	4.61%
Riverside County	4,072	4,225	3.76%	\$315,000	\$332,000	5.40%
San Bernardino County	2,774	2,872	3.53%	\$268,750	\$285,000	6.05%
San Diego County	4,467	4,409	-1.30%	\$476,000	\$495,000	3.99%
Ventura County	1,062	1,165	9.70%	\$517,800	\$550,000	6.22%

Pool of Prop 8 Reduced Property Values Restored Through 2015-16

In 1978 California voters approved Proposition 8 that allows county assessors to reduce the value of properties below their Proposition 13 taxable values when the real estate market declines. Such reductions are to be restored as the real estate market improves. Now after five years of declining and three years of improved real estate values, county assessors have restored large numbers of those previously reduced home values. The graph below reflects the percentage of assessed values restored in the region as of the start of 2016-17 for residential properties that have not changed ownership from within this pool of reduced values. Assessors will not restore values to their trended Proposition 13 levels until the strength of the market recovery is proven within neighborhoods. We are seeing continued recovery of Proposition 8 reductions in 2016-17 as median prices in most counties continue to move upward. In several of the North Bay counties, the median sale prices currently exceed those experienced in the real estate bubble. **As we begin the 2016-17 fiscal year 58.3% of properties in La Palma awaiting restoration of value during 2012-13 have been fully restored.**

Estimated Percentage of Prop 8 Value Restored Since 2012-13



President Trump Issues Executive Order on Immigration

League of California Cities, National League of Cities and U.S. Conference of Mayors, Concerned with Provisions that Threaten Local Control, Dictate How Cities Allocate Public Safety Resources

January 27, 2017

In keeping with his campaign promise to strengthen immigration enforcement, on Wednesday, Jan. 25, President Donald Trump signed an executive order that includes provisions stating that “sanctuary jurisdictions” are “not eligible to receive Federal grants” with unclear exceptions.

He signed the order during a visit to the Department of Homeland Security.

Although there is no statutory or legal definition of a “sanctuary jurisdiction” or “sanctuary city,” under the executive order, they are defined as ones who are not in compliance with a federal law that prohibits or restricts cities from prohibiting local agencies from cooperating with federal agencies to identify a person’s immigration status. The U.S. Attorney General and the Secretary of the Department of Homeland Security will decide who is and who is not a “sanctuary jurisdiction.”

In a statement responding to the executive order, the League of California Cities® expressed concern that the President’s actions will interfere with local control over how scarce local police resources in communities are allocated. The League also expressed concern that the threat of federal sanctions connected to immigration enforcement under the executive order will undermine effective local policing, including ongoing efforts to strengthen police-community relations and build trust.

Instead of an executive order that would shift federal responsibility for enforcement of federal laws to local governments, the League continues to advocate for the President and Congress to enact a comprehensive and balanced approach to fixing the nation’s immigration system – one that not only addresses equitable enforcement, but also incorporates thoughtful and sensitive solutions to the realities associated with millions of families, students and workers living in California and throughout the country.

The National League of Cities and the U.S. Conference of Mayors expressed similar concerns in their statements responding to the President's actions.

Other components of the President's executive order outlined the enforcement priorities of the Administration, require the creation of guidance and regulations to ensure the collection of related civil fines and penalties, authorize the hiring of 10,000 additional immigration officers, and direct the Secretary of Homeland Security to enter into agreements to authorize state and local law enforcement officials to perform the functions of immigration officers.

Various Constitutional questions are also being explored as attorneys review the matter. One area involves the 10th Amendment and the powers that are reserved to the states. Case law likely limits the ability of the federal government to withhold existing funding as a method of compelling local enforcement of federal immigration laws. The U.S. Supreme Court recently held in *NIFB v. Sebelius (2012)* that it was unconstitutional for the federal government to withhold Medicaid funds from states in an effort to compel them to expand Medicaid coverage under the Affordable Care Act. Separation of powers issues may also exist between the roles of the President and Congress over authority to condition existing grant funds.

Considerable uncertainty exists on how this issue will evolve in the coming weeks and months. More information may be forthcoming from the U.S. Attorney General and Secretary of Homeland Security as to which jurisdictions the executive order will apply and the specific funding involved. At the state level, the Governor, Attorney General and legislative leadership have all been vocal on the issue and the potential exists for litigation and other actions.

The League will continue to analyze the executive order, seek additional information as to its application and impacts and inform cities as the issue develops.

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