



Slide 1

**2016 State of the City
Preserving
La Palma's Future**

MAYOR GERARD GOEDHART
APRIL 26, 2016

The logo for the City of La Palma, featuring a stylized green palm tree silhouette against a blue sky background, with the text "LA PALMA" in green below it.A solid green horizontal bar at the bottom of the slide content area.

Thank you for joining us tonight and welcome to the City of La Palma. I am Gerard Goedhart and it is my honor to serve as Mayor of La Palma this year.

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City Council

Mayor Pro Tem Michele Steggell
Council Member Steve Hwangbo
Council Member Peter Kim
Council Member Steve Shanahan

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Other Elected Representatives

Congresswoman Linda Sanchez' office

Field Representative Michael Voung

Assemblywoman Young Kim's office

Field Representative Whitford Marin


Assemblywoman Ling Ling Chang's office

Field Representative Tara Campbell

Supervisor Michelle Steel's office

District Representative Jeremy Tran

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City Management

City Manager Laurie Murray
Interim Police Chief Mike McCrary
Community Services Director Mike Belknap
Community Development Dir. Douglas Dumhart
Administrative Services Director Sea Shelton

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I'd also like to take a few minutes to introduce the City's Management Team.

City Manager – Laurie Murray, who will provide a brief report on the State of the City's finances later in this program

Interim Police Chief – Mike McCrary, who will provide a brief report on the State of the PD later in this program

Administrative Services Director – Sea Shelton, who joined us just 6 weeks ago

Community Services Director - Mike Belknap

Community Development Director - Douglas Dumhart

I'd also like to take a moment to thank Mike Belknap's staff for putting together this event – with special thanks to Recreation Supervisor Cindy Robinson.

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Partnerships are vital to La Palma's operations and success. I would like recognizing some of our most important partnerships, the businesses that participate in our Corporate Connection program.

Slide 6

The slide is titled "Thank You Gold Partners" and features the LA PALMA logo in the top left corner. Below the title, there are three main visual elements: the ROSENDIN ELECTRIC logo (a stylized blue 'R' followed by the text "ROSENDIN ELECTRIC"), a photograph of a modern commercial building, and a photograph of a white waste truck with "PARK" written on its side. To the right of the truck is the EDCO logo, which includes the text "EDCO WASTE & RECYCLING SERVICES", the website "www.edcodisposal.com", and the slogan "We'll Take Care of It". A small number "6" is visible in the bottom right corner of the slide's border.

Our gold partners today are Rosendin Electric and EDCO/Park Waste and Recycling Services, both of which are long standing Corporate Connection partners.

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LA PALMA

Thank You Silver and Bronze Partners

STEPPING STONES CHILDREN'S CENTER

WCA
800.521.3714 · WCAINC.COM
West Coast Arborist

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Thanks also goes to our Silver Partner – Stepping Stones Children’s Center
And our Bronze Partner – West Coast Arborist

Slide 8



Please join with us as Mayor Pro Tem Steggell leads us in Pledge of Allegiance and remain standing for the Invocation, which will be led by Council Member Hwangbo

Slide 9



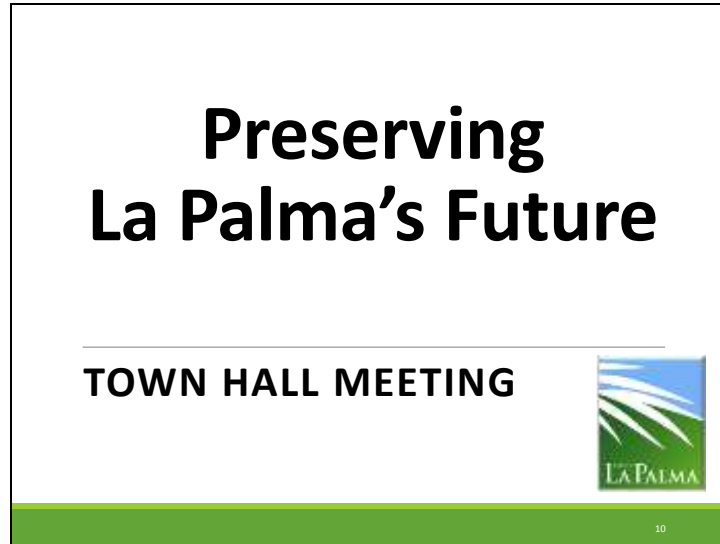
Before we start with the formal program, I would like to pay special honor to two La Palma residents who were recognized Saturday by the Republic of South Korea Consulate.

Both Ron MacIver and Frank St. Germain received the Republic of Korea's Ambassador for Peace Medal is awarded to veterans who served in Korea during the Korean Conflict during 1950-1953 and the United Nations peacekeeping operations through 1955.

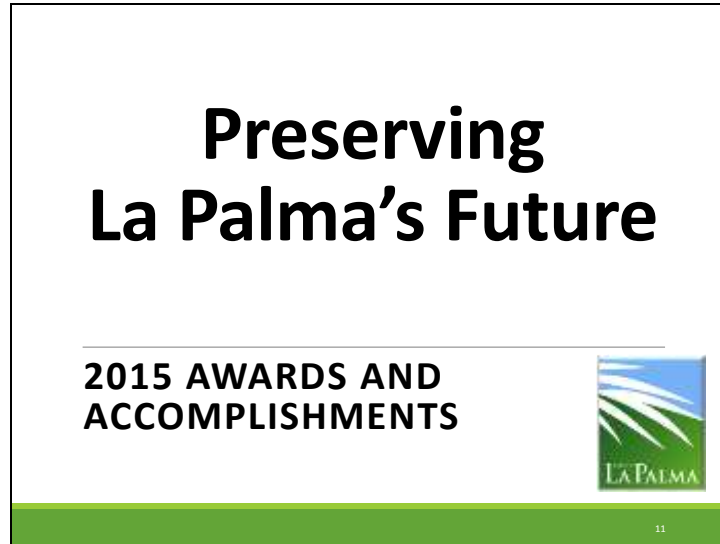
Saturday morning.

Would Ron and Frank please stand up to be honored for your service to the United States and Korea.

Are there any other veterans in the audience. Please stand and be recognized for your service.



We're tonight to update you on the City's fiscal condition and the challenges facing La Palma. This is a crucial time in the City's history and want to inform and engage the public as critical decisions must be made in the next few months. As a town hall format, you will have an opportunity tonight to ask questions and provide feedback.



And now I would like to recognize Council Member Steve Shanahan, who is in the final year of his second term and thank him for his service to the community during his time on the City Council. Council Member Shanahan is going to share with you some of the City's accomplishments this past year.

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Thank you Mayor Goedhart.

La Palma is a special place and it is always nice to be recognized as such.

We are proud to say that once again La Palma made Money Magazine's List of the Best Small Cities in the Country coming in 43rd in the United States and once again being the highest ranked city in California. This is the fourth time the City has made the list, which is published every other year, since 2007.

We are proud to also have been named as Number 6 on the list of Best higher-priced cities for families by ParentingOC.

These rankings site our weather, low crime rate, high ranking schools, and high number of amenities. Those amenities include a number of services provided by the City, including public safety, special events, and municipal utilities.

 **Accomplishments
Billboard Project**

- February Agreement with Foster Interstate Media**
- \$204,000/year**
- Construction anticipated in early 2017**



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After months of discussions and work with Foster Interstate Media, in February of this year, the City Council approved a Development Agreement for a double-sided digital display billboard along the 91 freeway corridor and a second site is in the hopper as well. Once completed these billboards will generate \$204,000 per year for the City.



Accomplishments Labor Negotiations


- No Cost of Living Increases
- 5% Annual Salary Decrease
- Overtime Reform
 - Safety Employees
 - Supervisors
- \$226,000 Savings in FY 2016-17
- \$379,000 Savings over the 2-Year term of the Agreements




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The City Council would like to acknowledge and thank City employees for their cooperation and sacrifice during these difficult economic times.

We completed labor negotiations, reaching a two-year agreement with all groups that resulted in a 5% reduction in pay for all employees through June 2017 which translates to \$226,000 in savings for the 2016-17 budget year and \$379,000 over the term of the agreement.

 **Accomplishments
School District Boundaries**

**Progress on La Palma children
attending La Palma schools**



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School choice has been a longstanding issue for residents in the City of La Palma, specifically for those residents living north of Houston. The City Council has worked for many years towards a solution and is confident that progress is being made. Council Member Kim will discuss this in more detail a little later in this presentation.

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Accomplishments
41 Year Old Cold-Case Homicide Solved

Patricia Ann Ross



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The Detective Bureau cleared a 41 year old cold-case homicide this past year when they arrested Larry Stephens for the December 11, 1974, murder of Patricia Ann Ross. This case haunted our officers, who submitted DNA evidence to the National database in 1996 and started actively working this case again in 2007. Mr. Stevens is currently in jail awaiting trial.



The graphic features the City of La Palma logo on the left, which includes a stylized green and blue wave design above the text 'LA PALMA'. To the right of the logo is the title 'Accomplishments La Palma Streets' in a bold, black font. Below the title is a photograph of a paved residential street with a blue curb and a car partially visible on the right. The main content consists of a list of accomplishments, each preceded by a green square icon with a white checkmark. The list is organized into two columns. The first column includes 'Residential Pavement Rehabilitation' with a sub-bullet 'Completion of 7 Year Program', and 'Arterial Pavement Rehabilitation' with a sub-bullet 'Completion of 7 Year Program in 2017'. The second column includes 'Americans with Disabilities Act (ADA)' with sub-bullets 'Pedestrian Ramp Upgrade' and 'Funded through Grants'. A green horizontal bar at the bottom of the graphic contains the number '17' on the right side.

**Accomplishments
La Palma Streets**

- ☐ Residential Pavement Rehabilitation
 - ☐ Completion of 7 Year Program
- ☐ Arterial Pavement Rehabilitation
 - ☐ Completion of 7 Year Program in 2017
- ☐ Americans with Disabilities Act (ADA)
 - ☐ Pedestrian Ramp Upgrade
 - ☐ Funded through Grants

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The City completed its 7 year residential pavement rehabilitation program this past year and will complete the arterial rehabilitation portion during this upcoming year

As part of the pavement project, the City applied for and received \$200,000 in grant funding to continue addressing ADA required pedestrian ramp upgrades



Accomplishments Energy Projects

- Community Center
 - Lighting and HVAC Upgrades
- LED Lighting Upgrades
- Irrigation Controllers



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Last year, the City embarked on several energy efficiency projects to be environmentally responsible and provide savings as well. Those projects include: Computerized lighting and HVAC system upgrades at the Community Center Completed LED lighting upgrades to tennis courts, basketball courts and parking lot of Community Center; LED traffic signal safety lighting upgrades; and installation of irrigation controllers

 **Accomplishments
Central Park**

**Central
Park
Playground
Equipment**



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The City replaced the aging playground equipment at Central Park, providing a safer play place for La Palma's children.



The slide features a green and white logo in the top left corner with the text "LA PALMA". To the right of the logo is the title "Accomplishments New Homes" in bold black text. Below the title, there are two images: a photograph of three modern houses on Sparrow Lane and an aerial site plan of the Ozawa Property on Walker Street showing the layout of seven planned homes. The slide has a green footer bar with the number "20" in the bottom right corner.

**Accomplishments
New Homes**

Sparrow Lane

**Ozawa Property on
Walker Street**

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We processed Planning approvals for two residential in-fill subdivisions – with three new homes at the end of Sparrow Lane and and 7 homes being planned off of Walker Street on the former Ozawa Property .

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Accomplishments New Businesses

- ☐ Coffee Bean and Tea Leaf
- ☐ Mega Western Sales
- ☐ The Bead Factory
- ☐ United HealthCare
- ☐ Tocalo
- ☐ Thyssenkrupp Industrial
- ☐ 12 Centerpointe Retail Center



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The City has seen a lot of activity in filling industrial and retail vacancies, with very few vacancies remaining and one new retail area just being completed at 12 Centerpointe and one soon to be built along with the McDonald's rebuild project.

Coffee Bean and Tea Leaf has quickly become a community gathering place and a number of light industrial business have come to town, are in the processing of moving here, or are under construction eliminating all vacancies in the La Palma industrial area.



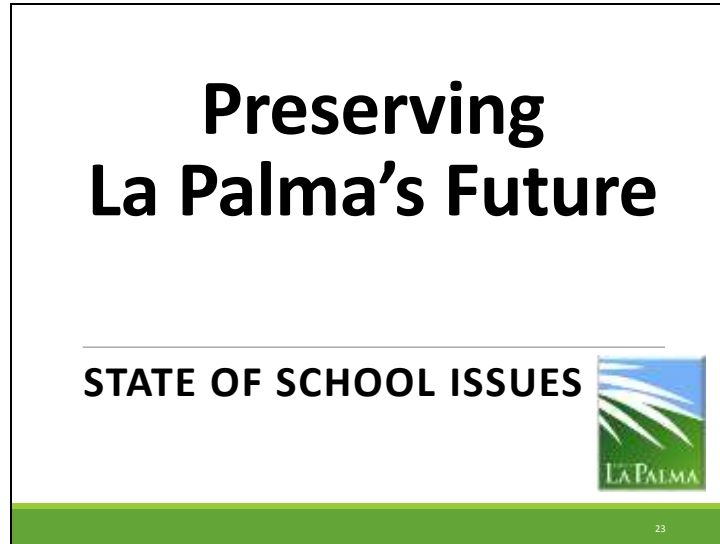
**Accomplishments
Utilities**

 **21.8% Reduction
in Water Use**




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Congratulations to La Palma Residents and Businesses who helped the City reach its mandated 20% reduction in water usage. In March, the City achieved a 21.8% reduction rate over the past year. With the ongoing drought, we will all have to remain vigilant about our water conservation efforts.




I would like to introduce Peter Kim, who just recently served as mayor and has worked diligently on the City's goal of having La Palma children attend La Palma schools. Council Member Kim, who serves with me as the City Council's public school liaisons, will update you on the City's activities this past year as it relates to La Palma Kids going to La Palma Schools

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School Situation Why a La Palma Issue?

- ❑ 5 School Districts
- ❑ 3 with schools within La Palma city limits
- ❑ 2 with schools in Buena Park
- ❑ Buena Park High School is 3.5 miles from the closest La Palma students



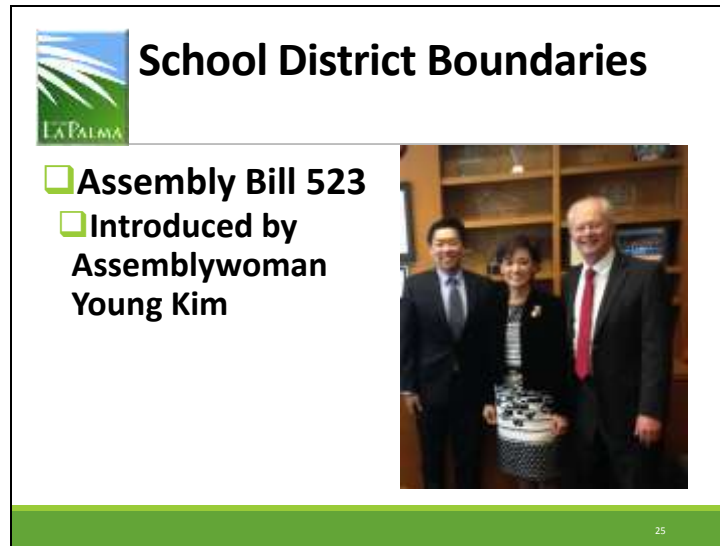
24

As Council Member Shanahan mentioned, school choice has been a longstanding issue for La Palma residents and the quality of all of our schools is a contributing factor to the City receiving accolades from Money Magazine and ParentingOC. If our schools are rated so high, one might wonder, why this issue continues to be problematic for residents and a high priority for the City Council.

Despite the City's small size, La Palma is served by five school districts, some with schools within La Palma and others that serve the northern part of our community through schools located beyond our city boundaries.


It can be difficult to explain to residents why their child cannot attend a school, often within walking distance, vs. being bused or transported by parents to a school farther way.

While the boundaries were established in the late 1800's, until 2007, an unwritten agreement existed between the Fullerton Joint Union High School District (FJUHSD) and the Anaheim Union High School District (AUHSD) that allowed for transfers from Buena Park High School to John F. Kennedy High School. That agreement ended in 2007, which led to Senate Bill 1445 being introduced by then Senator Tom Harman in 2008. This legislation would have required school districts to allow students to transfer to a school located in La Palma upon request. Unfortunately, the bill did not move past the Senate Education Committee.



School District Boundaries

- **Assembly Bill 523**
- **Introduced by Assemblywoman Young Kim**

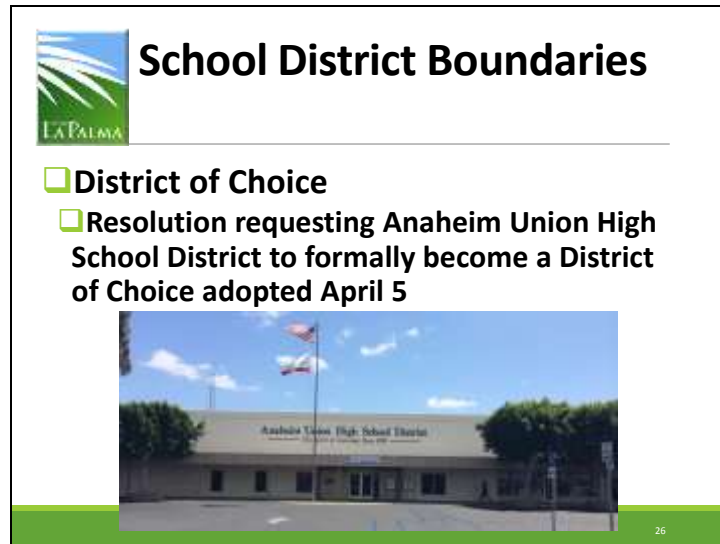


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Which brings us to where we are today. This past year, several efforts were made to make it possible for La Palma children to attend La Palma Schools.


Special recognition is due Assemblywoman Young Kim who introduced Assembly Bill 523 in February of 2015, which would have required a high school district that serves La Palma, upon the request of a parent/guardian who resides within the city limits, to enroll the child in a school located in La Palma without regard to the attendance boundaries of the high school district

While that bill did not make it out of committee either, the City Council and City staff continued to investigate ways for students living in La Palma to attend La Palma schools.



School District Boundaries

- **District of Choice**
- **Resolution requesting Anaheim Union High School District to formally become a District of Choice adopted April 5**



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In early February of this year, we learned from Assemblywoman Ling Ling Chang about existing legislation that allows a student to transfer to any district that has deemed itself a “District of Choice” and agreed to accept a specified number of transfers.

As presented to City staff by Assemblywomen Chang, the intent of the legislation was that students requesting a transfer to a “District of Choice” would not need the consent of their district of residence for the transfer.

The City adopted a Resolution on April 5 asking the Anaheim Union High School District to adopt a Resolution to become a District of Choice. Should the District take the steps to formally become a “District of Choice,” it would allow any student living north of Houston to apply to attend school in La Palma (specifically, at Walker Jr. High and Kennedy High School) without the consent of their current school district.

It is important to note that acceptance of these students would be dependent upon the capacity of the receiving schools.

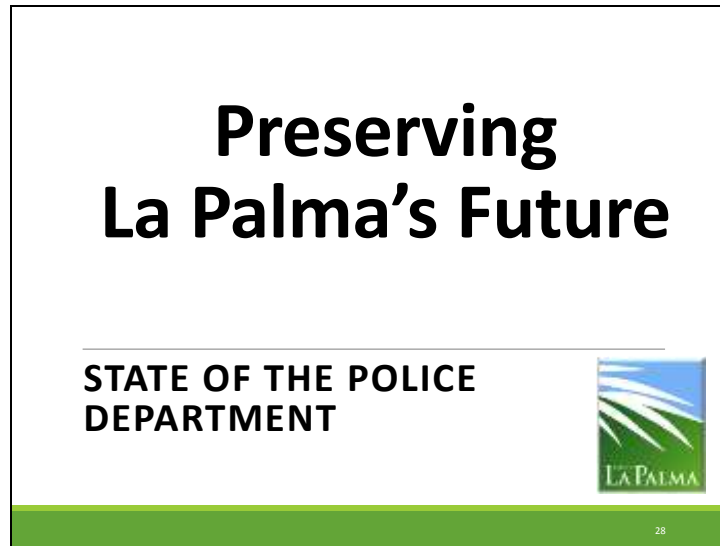
School District Boundaries

- ☐ Meetings with Anaheim Union High School District
- ☐ District of Choice
- ☐ Other Options
- ☐ A Solution is in Sight

The map shows the Anaheim area with various school district boundaries. A blue shaded region represents the Anaheim Union High School District. A red shaded region represents the City of La Palma. A black line indicates a proposed boundary or district of choice. Text on the map includes: '1982 ADA lawsuit by 1989 Orange Park High School and other Orange Park residents v. Board of Trustees of Anaheim Union High School District', 'City of La Palma', 'Anaheim Union High School District', 'Orange Park High School', and 'City of Anaheim'. The La Palma logo is in the top left corner. The number '27' is in the bottom right corner.


Mayor Goedhart, City Manager Murray, and I have had several meetings with the Superintendent and board members from the Anaheim Union High School District and while it is still uncertain whether they will choose to become a District of Choice, talks have been very positive and we are very hopeful that a solution can be found.

The City Council has worked on this issue for years and a viable solution is finally in sight to make the ability of La Palma students to attend junior and senior high school within City boundaries a reality.




I would like to introduce Interim Police Chief Mike McCrary, who joined us in December and is conducting an assessment of operations and outside services prior to the appointment of a Police Chief.


Mr. McCrary is a highly-qualified retired Police Chief who has provided executive management consulting, team building, organizational analysis, long-term planning, and trouble-shooting for over 200 private and public agencies. In addition to his consulting services, Chief McCrary has served as Police Chief or Interim Police Chief for the cities of Hermosa Beach, Wheatland, Los Alamitos, and Signal Hill.



Police Department – History of Reductions



- ❑ 2010/2011 - Administrative Support Bureau Sergeant position eliminated
- ❑ 2012/2013 - Management Analyst position eliminated
- ❑ 2014/2015 - Detective Sergeant position eliminated
- ❑ 2015/2016 - Motor Officer position eliminated and full-time Records Clerk changed to a part-time Records Clerk



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DOWNING SIZING OF THE DEPARTMENT BEGAN IN 2010-2011.....



Organizational Study

- ❑ Key is to identify how to balance operational needs with the budget/resource constraints and determine how to maintain service levels
- ❑ Conduct an analysis of the organizational structure, management practices, staffing levels and operational effectiveness
- ❑ While the City is forced to reduce the budget, community expectations (services levels) are not diminished



Current Environment

- ❑ 12,000 calls for service in 2015
- ❑ The past few years has been a difficult time for the Department
- ❑ Low crime rate
- ❑ Response time of less than three minutes



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Downsizing an organization takes a toll on employees who take pride in the quality of service they provide to the community...it is difficult on people, but the department has managed to keep our crime rate low, it is increasing as in all other areas of the state.... still responds to calls for service in under three minutes....keeps our community programs in place...all the while recognizing that service to this community is our number one priority.

History of being to comfortable in how we conduct business, “We have always done it that way” ...Paso Robles PD example....

One of the lowest response time in the state

In 2015, we had 16,989 calls for service, which equals

 **Current Environment**

- Culture of service to the community
- Employee turnover stabilized
- Restructuring
 - Recommendation being prepared for City Council consideration



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Current Environment

- ❑ Updating Emergency Operations Plan
- ❑ Expanded use of Volunteers
- ❑ Studying alternatives for Police Dispatch
- ❑ Identifying future staffing needs



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Current Environment



- ❑ Community Based Policing philosophy
- ❑ Improving organizational effectiveness
- ❑ Preparing the organization for a new Police Chief

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What About Contracting for Police Services

- Contracting for Police Services:
 - Sheriff's Department
 - Municipal Police Department
- No cost savings for same level of service



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Regionalization of police services would be next to impossible; we would be asking another city to share control of their police department with La Palma officials....A regional Police Department means regional control....



Compensation Comparisons

- ❑ **Nine City Comparisons**
 - ❑ **Police Sergeants: Ranked 8th of 9 like cities in Orange County**
 - ❑ **Police Officers: Ranked 8th of 9 like cities in Orange County**
 - ❑ **Police Dispatchers: Ranked 6th of 7 like cities in Orange County**

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What About Contracting for Police Services

- Issue is service levels:
 - Patrol Coverage
 - Response Time
 - Investigative Follow-up
 - Management/Supervision
 - Community Programs
 - Local Access
 - Local Control of Quality
- Community decides service levels



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AS A CITY WE PROVIDE A SERVICE TO THE COMMUNITY, IN ORDER TO MAINTAIN THE HIGH QUALITY OF LIFE PEOPLE ENJOY HERE IN LA PALMA IT TAKES A TEAM OF DEDICATED EMPLOYEES.....I AM JUST A VISITOR TO YOUR CITY, I WOULD MATCH YOUR STAFF WITH ANY CITY I HAVE EVER WORKED.....THEY ARE SOME OF THE BEST!

 **It Takes a Team**

- Quality of life for our residents is not limited to just public safety:**
 - Recreational programs**
 - Parks**
 - Street maintenance**
 - Code Enforcement**
 - Planning**




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AS A CITY WE PROVIDE A SERVICE TO THE COMMUNITY, IN ORDER TO MAINTAIN THE HIGH QUALITY OF LIFE PEOPLE ENJOY HERE IN LA PALMA IT TAKES A TEAM OF DEDICATED EMPLOYEES.....I AM JUST A VISITOR TO YOUR CITY, I WOULD MATCH YOUR STAFF WITH ANY CITY I HAVE EVER WORKED.....THEY ARE SOME OF THE BEST!

Preserving La Palma's Future

STATE OF
THE CITY'S FINANCES




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The slide features a green horizontal bar at the bottom. The logo for La Palma, which includes a stylized palm tree and the text 'LA PALMA', is positioned to the right of the subtitle. The number '39' is located in the bottom right corner of the slide's content area.

Gerard –

Now I would like to introduce City Manager Laurie Murray, who became City Manager in November after 10 years of service to the City as Administrative Services Manager and Administrative Services Director.

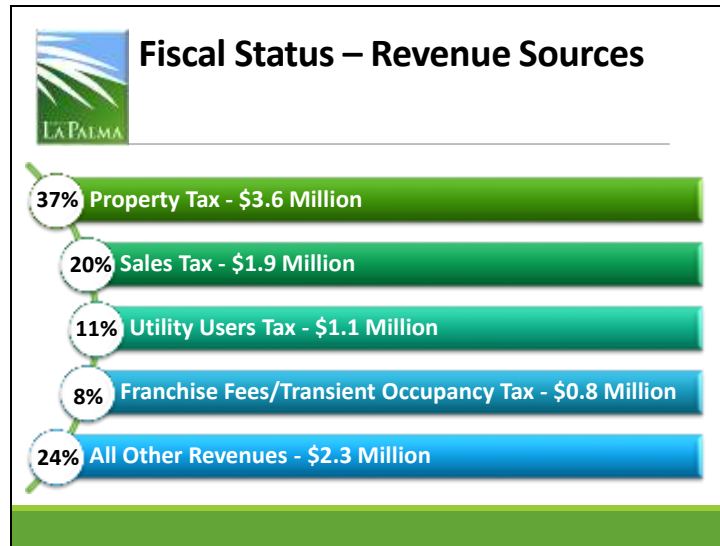


Fiscal Status – Current Budgets

- Fiscal Year 2015-16**
 - Projected Deficit of \$612,000**
- Fiscal Year 2016-17**
 - Projected Deficit of \$771,800**
 - Projected Revenues - \$9,785,600**
 - Projected Expenditures - \$10,557,400**

I expect a lot of you are here tonight because you have heard about the City's structural deficit and that to preserve La Palma's future, something has to be done to cure that deficit. Well, you are correct and the deficits are projected to grow for a variety of reasons, if we do not do something to correct its course.

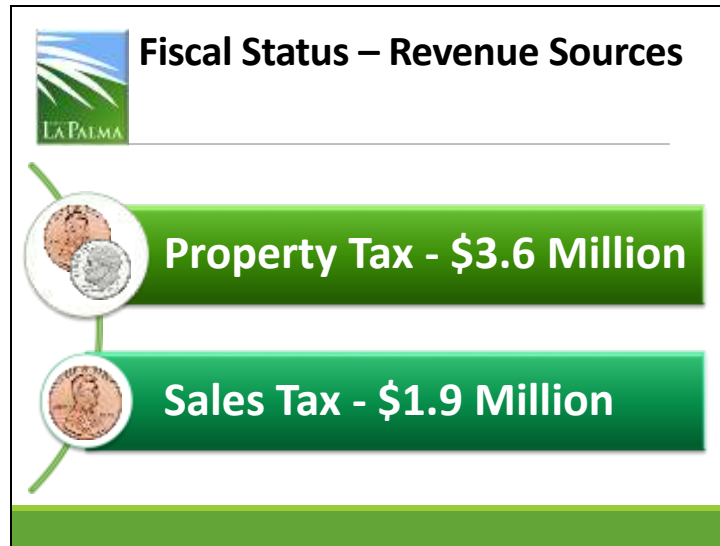
In 2015-16 the City is facing a deficit of \$612,000 and that deficit grows to just under \$772,000 2016-17.



Before I share with you the long term forecast, I'd like to talk to you about where the City's revenue comes from. In 2016-17, we are projecting approximately \$9.8 million in revenues. Those Revenues are broken out as follows:

37% of the City's revenues comes from Property Tax; 20% from Sales Tax; 11% from Utility Users Tax; 8% from Franchise Fees and Transient Occupancy Tax; **and the rest comes Intergovernmental funding, grant funding, charges for services, fines, use of money and property, and other miscellaneous revenues**

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You may be surprised to hear that when talking about property tax, that for every dollar you pay in property tax, the City only receives 11 cents.

And for every dollar you spend on retail, you pay 8 cents in sales tax and of that only 1 cent comes back to the City.

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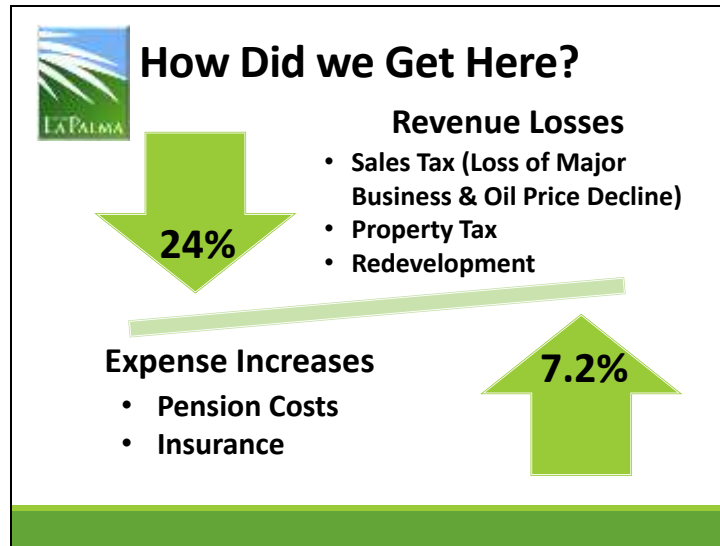


This leads us to our long term outlook. Fortunately, the City's conservative fiscal practices of establishing a variety of reserve accounts will get the City through the current and upcoming fiscal years.

But, as you can see from the 10 year financial forecast graph, the continued rise of expenditures without at an increase in revenues will make it increasingly more difficult to maintain core City services and meet the needs of the community.

The projected ten year gap shows consistent unbalanced budgets throughout the period, beginning with the 2016-17 deficit of \$771,800 and increasing to a deficit of a little over \$1.5 million by Fiscal Year 2025-26.

If we do nothing to address the structural deficit, the City will have come close to exhausting its general fund reserves by Fiscal Year 2025-26.



You might ask, how did the City find itself in this situation.

Five main drivers threaten the City’s sustainability. On the revenue side:

- A significant drop in sales tax revenue due to the loss of a major business, the business model change of another business, declining oil prices; A drop in property tax due to the move of a major property owner to non-profit status; and the loss of redevelopment, which causes more general fund dollars to have to be put towards major capital projects, mainly streets.
- THESE LOSSES COMBINED = A 24% DROP IN REVENUES of 2012 - \$2.9 Million Note only – from fy 11/12 \$12 mil.
- On the expenditure side:
- Rising pension and insurance costs contribute to a 7.2% increase in costs over 2012
- Note only 9.3 mil 11/12



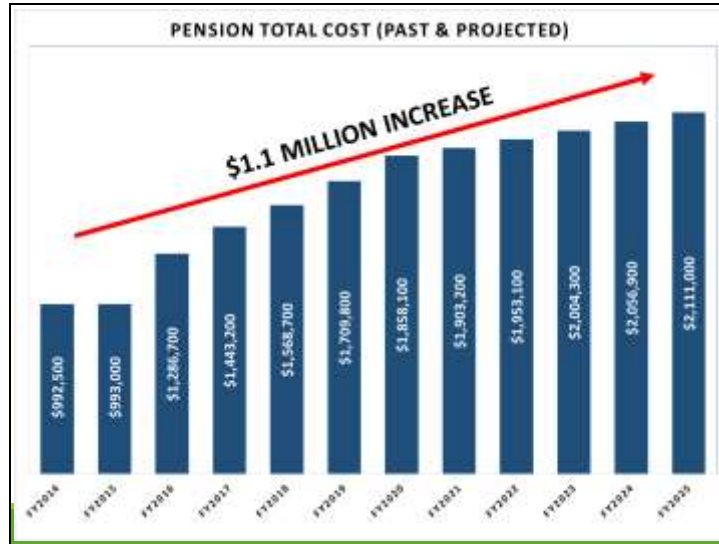
Can those items really add up to that much? YES

- drop in sales tax revenue due to the loss of a major business, the business model change of another business, and declining oil prices (Loss of business \$1.6 mil; Oil prices \$400K; Business Change \$200K)
- A drop in property tax due to the move of a major property owner to non-profit status (LPIH \$158K)
- The loss of redevelopment, which cause more general fund dollars to have to be put towards major capital projects, mainly streets. (550K)

THESE LOSSES COMBINED = A 24% DROP IN REVENUES

Note – from fy 11/12 \$12 mil.

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Can those items really add up to that much?

- Absolutely:
- The rise in in pension costs for 2016 over 2015 is \$294,000 and as you can see by 2025 the cost increase is \$1.1 million dollars.
- Rising insurance costs for both general liability and worker’s compensation are about \$240,000 over the prior year with costs anticipated to increase by 9.5% per year
- Combined THIS = A 7.2% INCREASE IN COSTS
- Note 9.3 mil 11/12

FY15 to FY16 -	\$293,700
FY16 to FY17 -	\$156,500
FY17 to FY18 -	\$125,500
FY18 to FY19 -	\$141,100
FY19 to FY20 -	<u>\$148,300</u>
TOTAL -	\$865,100

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What has the City done?
\$1.77 Million in Cuts

- ❑ 20% Workforce Reduction
 - ❑ Ongoing Savings \$1.2 Million
 - ❑ 65 to 52 Employees
 - ❑ 6 Departments to 4
- ❑ Labor Savings
 - ❑ Fiscal Year 2016-17 \$226,000
- ❑ Miscellaneous Cuts of \$345,000

You might ask yourself – well what has the City done – why doesn't staff and the City Council just sharpen their pencils and reduce expenses in order to solve this problem?

Well, the City has done much over the past few budget cycles to address its financial situation. Created revenue opportunities through the Revision of the General Plan, to allow for digital billboards. \$204,000. In addition to creating that new revenue the city has made several expenditure reductions, including:

- 20% Reduction in staff from 65 to 52 employees - the smallest workforce since 1985
- Restructuring throughout the organization, including reducing upper management while maintaining as many line positions as possible.
- providing ongoing savings of \$1.2 Million Dollars
- **Significant changes in both the 2011 and 2015 labor agreements with all groups, which reduced costs and unfunded pension liabilities, including increased employee contributions towards retirement, lower retirement tiers, and most recently a 5% reduction in take home pay through June 2017. This provided savings in 2016-17 of \$226,000**
- other cuts were made to programs and expenditures totaling \$345,000
- This is a total of \$1.77 Million in cuts – a little over what the City lost in revenue when that large business left town

The City's financial situation is therefore not in response to inaction, but in spite of these significant actions already taken and based largely on factors outside of the City's control.



Unfunded Future Needs

- Del Amo Bridge Widening**
 - \$7.5 Million of \$20 Million Project Cost
- Seismic Retrofitting/Rebuilding Aging Civic Center**
 - Retrofit \$8.2 Million
 - Rebuild \$13.4 Million
- Pension Liability**
 - \$11.5 Million

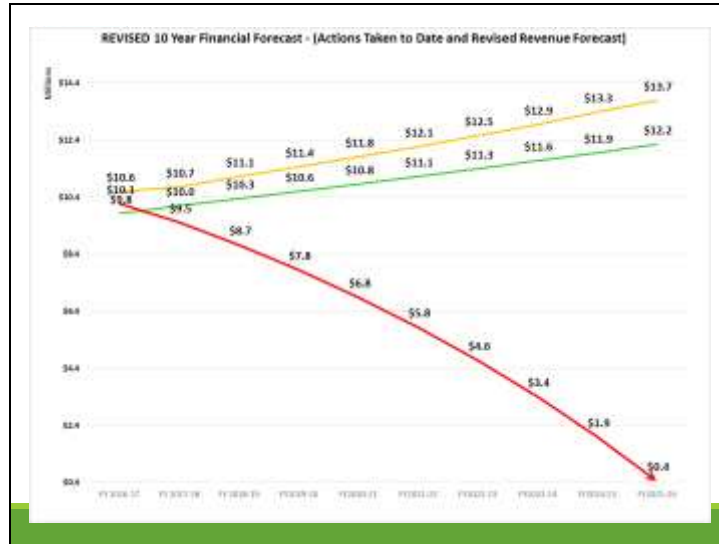


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I've told you how we got here, what we've done to date – but I would be remiss if I didn't tell you what else needs to be done that we don't currently have funding for.

- We recently received \$975,000 in grant funding to develop a design for the widening of the Del Amo Bridge. This is a joint project with Cerritos with a total cost for the design and environmental review being \$3.5 Million. Bridge construction is estimated at \$20 Million (of which the City will be responsible for \$7.5 Million and the City will be looking for federal grant funds to complete the project once designed.
- The Civic Center – which includes City Hall and the Police Station was built in late 1969 early 1970 and in a recent seismic evaluation, it was disclosed that both buildings require seismic retrofitting, which is about ½ the cost of replacing the buildings. Additionally, quite a bit of maintenance has been deferred over the past 10 to 20 years, much of it that cannot be put off any longer. This is a life-safety issue for both employees who might be in the building when a large quake hits and for residents so operations can continue and emergency services be provided in the event of a large disaster.
- And finally, the City's pension liabilities need to be addressed in a shorter period than 20 years to save interest costs and to provide relief to the general fund sooner rather than later.

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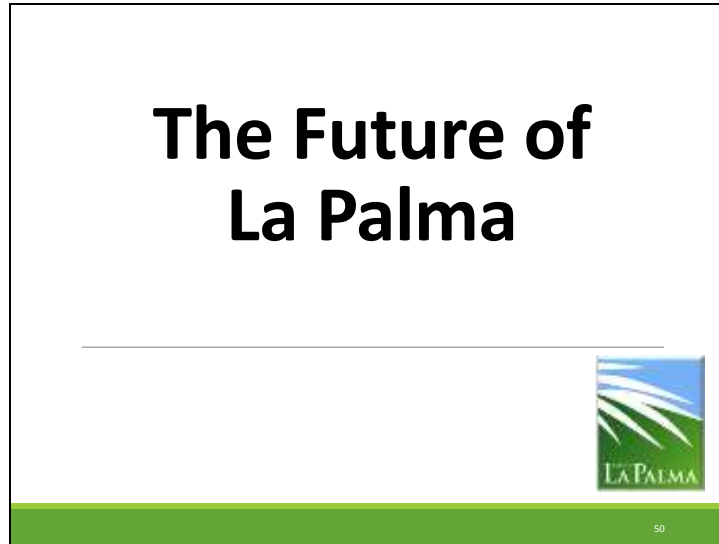


So where does that leave us.

Over the past decade, the City Council has taken great strides to set aside monies for the proverbial rainy day. While El Nino apparently missed us this year, La Palma's rainy day has come

We do have reserves to see us through to a solution, but those reserves will only last so long and as I said are exhausted within ten years.

Slide 50



And on that depressing note, I would now like to hand the presentation back over to Mayor Goedhart, who will address La Palma's future.

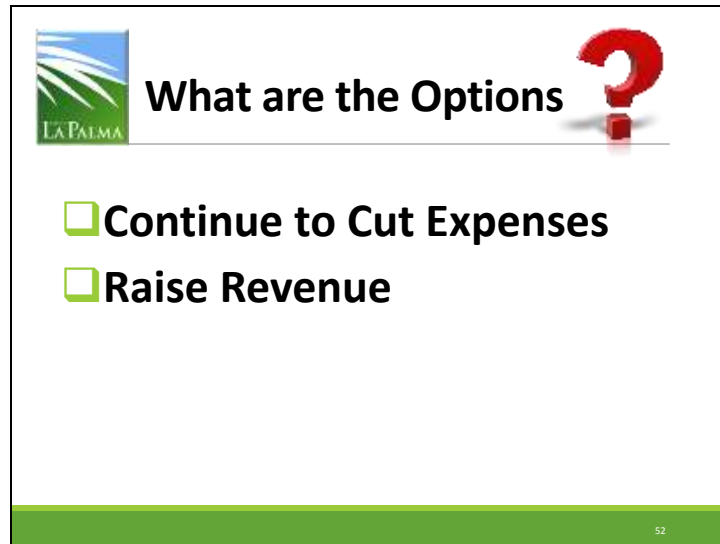




What's Next



51

The slide features a logo in the top left corner with the text "LA PALMA" and a stylized green and blue graphic. The main title "What's Next" is positioned to the right of the logo. A horizontal line is drawn below the title. The central focus is a large, 3D red question mark standing on a small red square base, which is placed on a green horizontal bar at the bottom of the slide. The number "51" is located in the bottom right corner of the slide.



 **What are the Options** 

- Continue to Cut Expenses**
- Raise Revenue**

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We've worked hard and made great strides towards complete financial responsibility, including reforming pensions, consolidating departments, and upgrading to more efficient technology. Important to note is that our City was one of the first to institute second retirement tiers, which will provide tremendous savings into the future.


Increase Revenues:

The City has taken steps to increase user fees, where appropriate; change zoning to allow for billboards on the freeway corridor – which when negotiations are finalized with CalTrans will bring \$204,000 a year to general fund revenues; and staff continues to work with property owners to attract businesses that will increase the City's sales tax revenues.

The combination of cutting expenditures and increasing revenues is simply not enough.

The bottom line is, after all of our efforts, this year we face a \$771,800 deficit and you heard the City Manager say that within ten years, if nothing is done we will run out of reserves.

More has to be done – SO WHAT DO WE DO.



Options to Further Decrease Expenses


- Contract Out Police Department**
- Close Recreation/Central Park**
- Decrease Maintenance Citywide**


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We can continue decreasing expenses; we can contract out our police department; we can close recreation; and decrease maintenance Citywide.

That's one vision but that vision will change our hometown dramatically.

The other option is to increase revenues and how do we do that?



What are Options to Raise Revenues 

- Sales Tax – 1%**
- \$1.5 Million**
- Cost to consumer on \$1,000 purchase = \$10**


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There are a number of ways to increase revenues.


Sales tax, which is paid by all business customers within city – if the city places a sales tax measure on the ballot in November a 1 cent increase would generate \$1.5 million and solve both our immediate and longterm problems

This would cost a consumer purchasing \$1,000 of taxable goods in La Palma \$10 additional dollars.

This is a general purpose tax and requires a simple majority vote.




What are Our Revenue Options




- Property or Parcel Tax**
- Paid by property owners**
- To generate \$1.5 Million**
- \$350 Cost to average property owner per year**

55

Property parcel tax would be paid by property owners in La Palma and would cost the average homeowner \$350 a year in order to maintain service at the current level.




What are Our Revenue Options?




- Utility Users Tax**
- Increase from 5% to 11.7%**
- Paid by Residents and Businesses**

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You would have to more than double the utility users tax, which is paid by residents and businesses to reach the needed \$1.5 Million.



What are Our Revenue Options?



- Transient Occupancy Tax**
- Have to Increase from 8% to 40% to generate \$1.5 Million**


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And as you can see, you simply could not raise the Transient Occupancy Tax enough to generate \$1.5 million.

Slide 58



We have long been the City of Vision and our website's tagline is Where Tradition and Vision come together.. We need to decide what that vision and tradition will look like into the future.



What is Our Vision for The Future of La Palma ?

- Continue to Cut Expenses
 - Decreased Services
 - Decreased City Events
 - Decreased Infrastructure Maintenance
 - Decreased Public Safety
 - Decreased Property Values
 - Decreased Quality of Life

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We can continue to cut expenses

Decreased Services

Decreased City Events


Decreased Infrastructure Maintenance

Decreased Public Safety

Decreased Property Values

Decreased Quality of Life

That's one vision



What is Our Vision for The Future of La Palma ?

- Increase Revenues
 - Restore Services
 - Bring Back City Events
 - Maintain Infrastructure Maintenance
 - Strong & Responsive Police Department
 - High Property Values
 - Maintain Quality of Life

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Increase Revenues

Restore Services

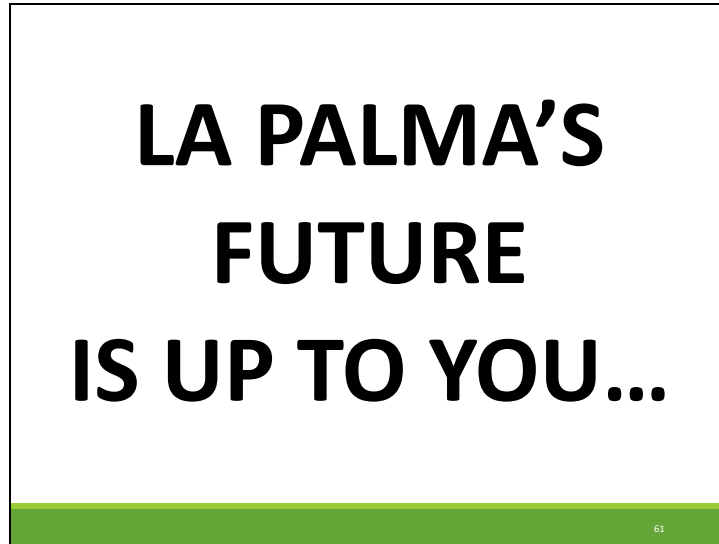
Bring Back City Events

Maintain Infrastructure Maintenance

Strong & Responsive Police Department

High Property Values

Maintain Quality of Life



In next two months the City Council is going to consider placing a revenue measure for public approval.

The date for the decision is July 5 and, if a measure is placed on the November ballot, it will be up to residents to decide the vision of this City in the future.

If passed the future of La Palma will be bright. If not, we cannot guarantee La Palma will have a future.

Slide 62



This is your City and we would like to receive your input and answer your questions as best we can at this time.

AFTER Q & A

We truly appreciate your interest in your City and all of your comments and suggestions.

We want to hear from you regarding the services you like and the services you don't think we need. Talk to us about our Police force, Schools, Roads, and Traffic Enforcement

Please fill out the community survey sheet before you leave, as your views are important to us.