

**CITY OF SANTA FE SPRINGS
MINUTES FOR THE ADJOURNED MEETINGS OF THE
COMMUNITY DEVELOPMENT COMMISSION
AND CITY COUNCIL**

JUNE 18, 2011

1. CALL TO ORDER

Mayor Serrano called the Community Development Commission and City Council meetings to order at 10:12 a.m.

2. ROLL CALL

Present: Commissioners/Councilmembers González, Moore, Trujillo, Vice Chairperson/Mayor Pro Tem Rounds, and Chairperson/Mayor Serrano

Also present: Thaddeus McCormack, City Manager; Anita Jimenez, Deputy City Clerk; Paul Ashworth, Director of Planning & Community Development; Don Jensen, Director of Public Works; Dino Torres, Director of Police Services; Maricela Balderas, Director of Family & Human Services; Jose Gomez, Director of Finance & Administrative Services; Alex Rodriguez, Fire Chief

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Serrano.

3. ORAL COMMUNICATIONS

Mayor Serrano opened Oral Communications at 10:15 a.m. There being no one wishing to speak, Mayor Serrano closed Oral Communications at 10:16 a.m.

4. BUDGET STUDY SESSION

Thaddeus McCormack thanked the Finance Director and his staff for their work on the budget. Mayor Serrano also thanked the Council Budget Sub-committee and staff for their work on the budget.

Thaddeus McCormack stated that staff was available to answer any questions that the Council may have on the budget.

Thaddeus McCormack stated that staff had prepared a transitional budget ending a 3-year period of drastic cuts to the City's budget totaling \$12 million and a decrease in the City's labor force of 15% and that any further cuts to the budget would diminish the City's ability to provide services to the community. He stated that the budget was prepared assuming that Redevelopment will be preserved, if not, staff is prepared to come back to the City Council immediately to deal with the ramifications.

Thaddeus McCormack stated that the City must operate more cautiously. Revenue decreased over the past three years, but has come up slightly this past year, in part, due to the Utility Users' Tax and there has been a slight increase in sales tax. Increases in labor benefit costs have outpaced the revenue growth resulting in a \$1.2 million budget gap. Labor benefit costs, specifically retirement costs, are expected to continue to increase in the future.

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The City Manager recommended that the City deal with these anticipated increases now.

Jose Gomez stated that the projected sales tax revenues are on the conservative side. There is a \$3.8 million surplus in the CDC budget. It is possible that the City could enter into a voluntary contribution agreement of 1% of gross revenues to assist the State. The benefit to the agencies would be a time extension of the project from which the contribution was made.

Councilmember González stated that the possibility of Redevelopment Agencies being eliminated is a devastating issue given the number of people who depend on Redevelopment for their paycheck.

Paul Ashworth stated that the impact would be felt beyond that of government employees, the entire construction industry throughout the State would be devastated. Redevelopment contributes \$40 million of construction work to the State and is the second largest construction job generator.

Councilmember González stated that the consultants used to project the City's sales tax revenues have been off for the past few years and perhaps it is time to look into other companies to provide this service. Jose Gomez stated that the City had recently been preparing two-year budgets, so the projections were 24 months out. The City is now preparing one-year budgets, so the projections are expected to be a bit more accurate. Thaddeus McCormack stated that staff would provide the City Council with a list of companies that could provide this service for the City. Councilmember González stated that when the City uses projections that are so far off, we end up having to use reserves to fill the gap and the City's reserves will only last so long. He added that the City Council needs to be more active in the budget process. Councilmember Moore stated that the City Manager was going to give the City Council quarterly reports on the budget and schedule sub-committee meetings as needed. Mayor Pro Tem Rounds asked how the City's consultants did on projecting sales tax revenues prior to 2007. Thaddeus McCormack stated that the information would be provided to Council.

Mayor Serrano recessed the meeting at 12:06 p.m.

Mayor Serrano reconvened the meeting at 12:57 p.m.

Councilmember Moore stated that the Council appreciates the employees and agrees that they deserve the pay they earn however he added that Council must address the issue of employee retirement costs or the City will not be able to survive. Thaddeus McCormack stated that the City's commitment is to serve the public into the future and to do that the City must address the issue of escalating employee retirement costs.

Public Works

Councilmember González asked if the City has a priority list for street improvements. Don Jensen stated that there was a priority list, but there is no money in the CIP budget to complete any additional repairs. Thaddeus McCormack stated that the Council sub-committee discussed the need to study funding options for street repairs.

Don Jensen stated that water use in the City is down, but the City's cost for water has increased over 30% in three years. He stated that the City may have to raise rates next year. He stated that costs can be better controlled when the City's new well is on-line because the City will purchase less water. Councilmember González asked if the City would be able to lower water rates at that time. Don Jensen answered that the rates could probably not be lowered, but would most likely rise at a slower rate.

Mayor Pro Tem Rounds asked if the costs due to engineering contracts are reimbursable by the State. Don Jensen stated that all costs related to the I-5 project are reimbursable by the State.

Councilmember Moore asked if it would be possible to generate more revenue by contracting street lighting maintenance services with more cities. Don Jensen stated that the return is small after all costs are factored in. Currently, we are at the point of needing additional staff to provide service to any additional cities. Mayor Serrano stated that if the City were able to contract with several cities, it might be profitable. A cost-benefit analysis will be performed and the results provided to the Council. Councilmember Moore thanked Don Jensen for the tour of the Valley View Grade Separation and requested a similar tour of the I-5 project.

Planning & Community Development

Paul Ashworth stated that this budget is a zero-growth budget. Councilmember Moore asked why the CDC budget had more overhead charges than most budgets. Thaddeus McCormack explained that the CDC is charged by other departments. Funds that come from outside sources are shown as overhead charges and subsequently shown as recovered charges in the Finance budget. Councilmember Moore asked if the CUP renewals would still be taken to the Planning Commission given that the City Attorney deemed that it was not necessary. Thaddeus McCormack stated it was a prudent measure to still follow this process. Paul Ashworth stated that at the Planning Commission level staff could ensure compliance with the CUP, but it was up to the City Council to determine if the compliance review process would continue.

Parks & Recreation

Carole Joseph stated that changes from last year include opening the Aquatic Center later. Although the Haunted House was in the budget last year, a decision was made not to have the event. The Haunted House is included in this budget. The Diamond and Center Court reflect a \$31,000 increase due to labor costs. Thaddeus McCormack asked Council to direct staff to study the possibility of an adult sports complex either at Lake Center Athletic Park or Little Lake Park. Mayor Serrano would like to study the possibility of having the Sister City become independent. Thaddeus McCormack stated that there still may be a role for the City to play in terms of delegation visits.

Library & Cultural Services

Joyce Ryan presented the budget. Councilmember Moore stated that he attended the First Night event and was very impressed with the program. He also commended the Library staff on the Cesar Chavez Reading Garden.

Family & Human Services

Maricela Balderas presented the budget. Mayor Pro Tem Rounds asked when the

Neighborhood Center renovation was expected to be completed. Maricela Balderas stated that the Neighborhood Center was schedule to re-open in January or February.

Mayor Serrano recessed the meeting at 2:25 p.m.

Mayor Serrano reconvened the meeting at 2:55 p.m.

Fire

Chief Rodriguez presented the budget.

Police Services

Dino Torres presented the budget. Councilmember González asked the reason for the increase in animal control services. Dino Torres stated that SEAACA requires a canvass to be performed this year. Rick Brown stated that the Youth Intervention Program has about 60 active cases. Thaddeus McCormack stated that Rick Brown and Paul Brascia are making strong connections at the schools. The program is currently housed at the Police Services Center but, it may be moved to the Betty Wilson Center to provide closer proximity to the schools. Rick Brown stated that being at the Police Services Center has strengthened partnerships with the Whittier Police Department.

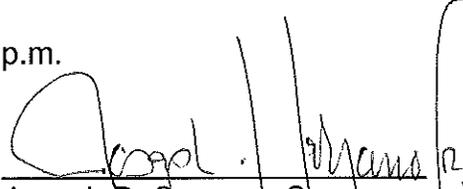
Finance & Administrative Services

Councilmember Moore asked if a study has been done to compare the cost of electronic metering. Don Jensen stated that the change-over can be costly. Thaddeus McCormack stated that staff will bring information back to Council.

Thaddeus McCormack stated that many more questions had been raised during the sub-committee meetings and thanked the Council and staff for their work on the budget. Councilmember González thanked staff for their work and for being present on a Saturday. Mayor Pro Tem Rounds thanked those in the audience for staying until the end of the session. He stated that since his election in 2007, the City has had to continue to make cuts and there are still challenges ahead but, it looks like we are coming through these times with the help of employee sacrifices. Mayor Serrano stated that we are not living in the world of the past; we have pay for things we didn't used to have to pay for. Councilmember Moore thanked the employees for the sacrifices they have made and commended them for keeping services at a high level. He acknowledged that employees deserve the money they are paid but, the reality is that costs are rising and those costs need to be addresses. Councilmember Trujillo thanked staff for making the Council's job easier.

5. **ADJOURNMENT**

Mayor Serrano adjourned the meetings at 3:22 p.m.



Joseph D. Serrano, Sr.
Mayor

ATTEST: 

Anita Jimenez, Deputy City Clerk

7-24-11

Date