

**PLACENTIA CITY COUNCIL
PLACENTIA CITY COUNCIL AS SUCCESSOR TO THE
PLACENTIA REDEVELOPMENT AGENCY
PLACENTIA INDUSTRIAL COMMERCIAL DEVELOPMENT AUTHORITY
ADJOURNED REGULAR MEETING MINUTES
June 11, 2013
6:00 p.m. – City Council Chambers
401 E. Chapman Avenue, Placentia, CA**

Executive Session scheduled at 5:00 p.m. was cancelled.

CALL TO ORDER: Mayor/Board Chair Nelson called the Adjourned Regular Meeting to order at 6:05 p.m.

PRESENT: Council/Agency Members Underhill, Yamaguchi, Aguirre, Nelson
ABSENT: Wanke

STAFF PRESENT: City Administrator/Executive Director, Troy L. Butzlaff; City Attorney/Agency Counsel, Andrew V. Arczynski; Assistant City Administrator, Ken Domer; Director of Administrative and Community Services, Steve Pischel; Finance Director, Karen Ogawa; Director of Public Works, Steve Drinovsky; Police Chief, Rick Hicks; Deputy Chief of Police, Ward Smith; Deputy Director of Community Services, Jon Nicks; Finance Services Manager, Michael Nguyen; Management Analyst, Eduardo De La Torre; City Clerk, Patrick Melia; Deputy City Clerk, Tania Moreno

INVOCATION: Police Chief Hicks

PLEDGE OF ALLEGIANCE: City Clerk Melia

ORAL COMMUNICATIONS:

Craig Green, resident, noted that he would make his comments during the 7 p.m. meeting.

1. Study Session:

a. Discussion of Preliminary Operating and Capital Improvement Program Budgets for Fiscal Year 2013-14

City Administrator Butzlaff noted that Staff would address City Council comments and questions. He introduced Director of Finance Ogawa to provide a PowerPoint presentation.

Director of Finance Ogawa provided a PowerPoint presentation, the slides included: Preliminary Budget Major Special Revenues, Special Revenues Financial Position, All Revenue Summary, All Expenditure Summary, and Projected Special Revenue Deficit Fund Balances. She noted that the Landscape Maintenance District has a running deficit because revenues are not equal to cost.

City Administrator Butzlaff noted that there is a need to examine the Landscape Maintenance District's running deficit. He noted that if Council decides to increase the District assessment, the majority of voters in the District must approve it. He noted that the County formed the Lighting District and the City took over when the annexation took place.

Assistant City Administrator Domer noted that the City expanded its Lighting District to accommodate all the newly annexed areas.

City Administrator Butzlaff noted that districts were approved by property owners and do not include an annual inflation escalator.

Senior Management Analyst McConaha noted that the districts originally formed in the 1980's when costs were low and annual inflation escalators were not included. He noted that an alternative would be to increase sports facilities user fees to cover part of the maintenance costs.

Discussion ensued by Council and Staff. They discussed the issue of new developments privately maintained, the City not being responsible for providing maintenance, and the agreements not including an annual escalator.

City Administrator Butzlaff noted that Staff would address any concerns Council may have on the preliminary budget.

Councilmember Yamaguchi inquired about the fruition of the projected revenues in the three scenarios provided by Staff.

City Administrator Butzlaff noted that he is most optimistic about the outdoor advertising project and less with the indoor skate park project, but cannot guarantee anything at this point.

Councilmember Yamaguchi noted that a conservative budget approach would exclude both projects.

City Administrator Butzlaff noted that he feels comfortable making the projected revenues, but cannot guarantee them. He noted that the indoor skate park and the outdoor advertising are different type of projects.

Councilmember Yamaguchi noted that he feels more comfortable removing the indoor skate park project and only including the outdoor advertising project to the projected revenues.

City Administrator Butzlaff noted that settlement agreements revenues were not included as projected revenues.

Mayor Pro Tem Aguirre inquired about the possibility of Caltrans not approving the outdoor advertising project.

City Administrator Butzlaff noted that the City's lobbyist is assisting with the outdoor advertising project approval by Caltrans. He noted the importance of having available funds in the event of an emergency. He noted that if approved, the outdoor advertising project projected revenues would be available in the next few months, but cannot guarantee it. He noted that the budget is a planning tool. He suggested having quarterly budget reviews to keep the City on target and to allow Council to take further action as needed to maintain a balanced budget.

Councilmember Underhill spoke in support of a 1.5 percent reduction and having quarterly budget reviews.

City Administrator Butzlaff noted that the outdoor advertising project would generate approximately \$700,000 in revenue and the 1.5 percent reduction would create savings. He suggested having quarterly budget reviews.

Mayor Nelson noted that the Council must address long-term solutions. He noted that the City must learn how to cut the budget.

City Administrator Butzlaff noted that the City is short in personnel. He noted that the major service cost areas are public safety and public works.

Councilmember Yamaguchi asked if the City has conducted an operations and efficiency study.

City Administrator Butzlaff responded that the last study was in the 1980's. He noted that the City is examining the possibility of creating partnerships with other agencies for potential cost savings.

Councilmember Yamaguchi noted that other similar cities do not have a Deputy Chief of Police or Assistant City Administrator. He directed Staff to have an operations and efficiency study conducted.

City Administrator Butzlaff noted that Staff is trying to finalize the budget to present to Council on June 18, 2013.

Councilmember Yamaguchi noted that he is not comfortable with a wait and see approach. He noted that he would like to have a plan and would like a scenario with triggers such as furloughs.

City Administrator Butzlaff noted that triggers could be presented with the budget. He noted that if Council desires, furloughs could be part of the triggers presented.

Councilmember Underhill noted that the triggers did not work in Congress.

Councilmember Yamaguchi noted that the City is different from Congress and they must examine all variables. He noted that he does not agree with the wait and see approach.

Mayor Pro Tem Aguirre noted that he would like a conservative budget approach. He noted that hopefully the outdoor advertising project comes to fruition, but does not want to account for that. He requested a list of other possible savings. He spoke in support of keeping the use of one-time funds as low as possible.

2. Public Hearing at 7:00 p.m. or as soon thereafter as the matter may be heard:

a. Discussion of Annual Budget for Fiscal Year 2013-14 and Capital Improvement Program (CIP) Budget for 2013-14

Financial Impact: None

Recommended Action: It is recommended that the City Council:

- 1) Open the hearing, receive public testimony from the public that will not be attending the June 18, 2013 City Council meeting, and continue the public hearing to June 18, 2013 at 7:00 p.m.

Mayor Nelson opened the public hearing at 7:05 p.m.

Craig Green, resident, thanked Mr. Butzlaff for addressing several of his questions. He inquired about the projected property tax revenues of the Schaner Ranch development project, the disposition of the Boys and Girls Club property at the end of the lease, the Metrolink Station parking structure, and the need to examine the indoor skate park project.

City Administrator noted that the public hearing is on the adoption of the annual budget and Capital Improvement Program budget for Fiscal Year 2013-14.

Glenn Casterline, resident, requested that Staff amend page two of the agenda packet to include the type of monies and funds. He inquired if it is possible to examine line-by-line items to accumulate the reductions needed.

Mayor Nelson continued the public hearing to June 18, 2013 at 7:00 p.m.

Councilmember Yamaguchi inquired about the Schaner Ranch development projected property tax revenues.

Assistant City Administrator Domer noted that the City would receive 13.4 cents from every dollar and approximately \$55,000.00 annually if it were 110-112 units.

Councilmember Yamaguchi inquired about the Capital Improvement Program budget.

City Administrator Butzlaff noted that the City is trying to get OCTA to pick up the entire cost of the Metrolink Station parking structure. He noted that it would be prudent to include this in the CIP budget.

Councilmember Yamaguchi asked Staff to keep the bike lane on Rose Dr. and Yorba Linda.

CITY COUNCIL/BOARD MEMBERS REQUESTS:

Mayor Nelson directed Staff to examine additional reductions and not to include projected revenues. He noted that a 2.5 percent reduction would solve many problems.

City Administrator Butzlaff noted that if directed by Council, Staff could present a budget that stipulates a 2.5 percent reduction and move forward with quarterly budget reviews.

Mayor Nelson noted that the intent is to address long-term problems.

City Administrator Butzlaff noted that a number of triggers could be presented to Council. He noted that the options would be more dramatic and could include anything from furloughs to layoffs. He asked Council if this is something they would like Staff to present.

Mayor Nelson noted that the triggers need to be optional.

Councilmember Yamaguchi asked Mayor Nelson if he supports a 2.5 percent reduction and advocates for the negotiated labor concessions as proposed by the City Administrator.

Mayor Nelson noted that he would like to examine the 2.5 percent reduction, negotiated labor concession and the furloughs.

Director of Finance Ogawa clarified that 12 days of furloughs creates a savings of approximately \$703,601.00.

Councilmember Underhill noted that Council is aiming to have a balance budget.

City Administrator Butzlaff noted that Council could revisit the budget at any time.

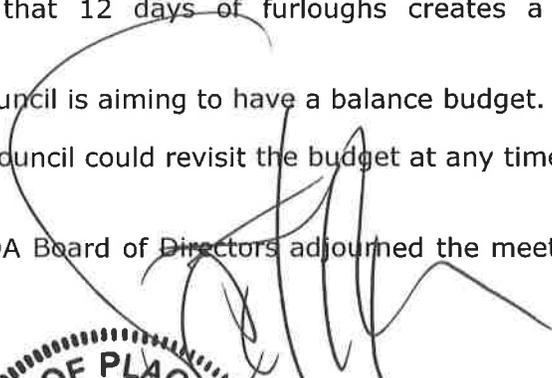
ADJOURNMENT:

The City Council/Successor Agency/ICDA Board of Directors adjourned the meeting at 7:47 p.m. to June 18, 2013 at 7:00 p.m.

ATTEST:


PATRICK J. MELIA, CITY CLERK/AGENCY
SECRETARY





MAYOR W. NELSON
MAYOR/AGENCY CHAIR