

**PLACENTIA CITY COUNCIL
PLACENTIA CITY COUNCIL AS SUCCESSOR TO THE
PLACENTIA REDEVELOPMENT AGENCY
PLACENTIA INDUSTRIAL COMMERCIAL DEVELOPMENT AUTHORITY
STUDY SESSION MEETING MINUTES
March 25, 2014
6:00 p.m. – City Council Chambers
401 E. Chapman Avenue, Placentia, CA**

CALL TO ORDER: Mayor/Board Chair Nelson called the meeting to order at 6:14 p.m.

ROLL CALL:

PRESENT: Councilmember/Board Member Underhill, Wanke, Yamaguchi, Aguirre, Nelson
ABSENT: None

INVOCATION: Chief of Police Hicks

PLEDGE OF ALLEGIANCE: Councilmember Wanke

ORAL COMMUNICATIONS:

Steve Anderson, resident, noted his attendance at a Budget Stabilization Plan Community Workshop. He expressed his concerns regarding outsourcing police services to the OC Sheriff's Department and contracting out the Building and Planning Division. He suggested contracting out the City Administrator's position.

Jim Haynes, resident, spoke in support of maintaining the Placentia Police Department and prioritizing law enforcement services.

Ed Alvarez, resident, spoke in support of economic development within the City. He expressed his concerns regarding outsourcing police services to the OC Sheriff's Department and the cost associated. He spoke in support of keeping the Placentia Police Department.

Daron Wyatt, resident, noted that he worked for the Placentia Police Department for 13 years. He noted that the City is not doing well financially. He expressed his concerns regarding outsourcing police services to the OC Sheriff's Department and the cost associated.

Pat Alvarez, American Legion Auxiliary, expressed her concerns regarding outsourcing police services to the OC Sheriff's Department and the cost associated. She spoke in support of maintaining the Placentia Police Department. She inquired if the OC Sheriff's Department would provide the same quality services.

Craig Green, City Treasurer, provided the following revenue enhancement ideas: continuing with the Outdoor Advertising Displays, increase in the hotel/motel room tax, increase in the Lighting and Landscape District Assessment rate, Utility Users' Tax restoration to five percent, buying and selling the Boys & Girls Club property, eliminate SWAT division, eliminate Deputy Chief of Police position, eliminate the Assistant City Administrator position, selling the 429 Alta Street property, and implementing a cost allocation study. He expressed his concerns regarding outsourcing police services to the OC Sheriff's Department and the cost associated.

Nelson Arroyo, resident, expressed his concerns regarding outsourcing police services to the OC Sheriff's Department and City-owned properties that are not being used. He inquired about management taking salary reductions.

Iris Maldonado, resident, expressed her concerns regarding outsourcing police services to the OC Sheriff's Department and how it affects the La Jolla neighborhood.

Ivett Maldonado, resident, spoke in support of the Placentia Police Department and the Police Officers.

Stanley Nelson, resident, expressed his concerns regarding outsourcing police services to the OC Sheriff's Department.

Jeff Buchanan, resident, expressed his concerns regarding the citizens survey cost, the numbers presented on the Budget Stabilization Plan report, and outsourcing police services to the OC Sheriff's Department. He spoke in support of keeping the Placentia Police Department.

Jenny Pereyda, Community Director of Emerald Isle, spoke in support of the Placentia Police Department. She encouraged City Council to cut other City expenses.

John Quackenbush, resident, spoke in support of the Placentia Police Department. He expressed his concerns regarding outsourcing police services to the OC Sheriff's Department.

Laurie Arroyo, resident, thanked the Placentia Police Department for making Placentia the second best city to live in Orange County. She spoke in support of the Placentia Police Department.

Richard Wiedemann, resident, spoke in support of the Placentia Police Department. He expressed his concerns regarding outsourcing police services to the OC Sheriff's Department.

Jeremy Keith, resident, expressed his concerns regarding outsourcing police services to the OC Sheriff's Department. He inquired if the City participates in a paramedic subscription program and if there is a contract with Deputy Chief of Police. He spoke in support of the Placentia Police Department. He suggested that Councilmember Underhill should resign and remove the City Administrator.

Teri Niebuhr, H.I.S. House Neighborhood Director, spoke in support of keeping the Placentia Police Department.

Name Anonymous, resident, spoke in support of keeping the Placentia Police Department.

Angelica Quackenbush, resident, expressed her concerns regarding outsourcing police services to the OC Sheriff's Department. She spoke in support of keeping the Placentia Police Department.

Janelle Nagel, local school teacher, spoke in support of keeping the Placentia Police Department. She expressed her concerns regarding outsourcing police services to the OC Sheriff's Department.

A five-minute break taken and the meeting resumed at 7:27 p.m.

SS 1. Presentation and Discussion of Budget Stabilization Plan

City Administrator Butzlaff noted that in May 2013 Council directed Staff to contract with Management Partners. He noted that the firm came back to conduct a Budget Stabilization Plan. He noted that the purpose of the Study Session is to present the information and obtain feedback from Council. He noted that Council would not be taking action. He noted

that several community workshops were held to obtain feedback from the community. He noted that all the information is available to the public on the City's website. He introduced Management Partner Standiford.

Management Partner Standiford presented a PowerPoint presentation, the slides included: Budget Stabilization Briefing, Financial and Organizational Observations, Revenue Projections (May 2013), Baseline Forecast (No Expenditure Increases), Baseline Forecast, Scenario 1, Additional Financial Observations, Revised PERS Rate Projections, General Fund Projected PERS Costs, Forecast Conclusions, Budget Stabilization Options, Revenue Enhancements, Additional Options, Alternative Service Delivery Options, Final Thoughts, and Questions.

Discussion ensued between Council and Management Partner Standiford regarding the CalPERS refunding obligation by 2016, sale tax increase, and the process of increasing the assessments for landscaping and/or lighting districts.

Councilmember Yamaguchi inquired if Management Partners used the initial proposal submitted to the City of Yorba Linda by the OC Sheriff Department or the actual contract between the City of Yorba Linda and the OC Sheriff Department to calculate the potential savings.

Management Partner Standiford responded that they used the initial proposal and not the contract.

Discussion ensued between Council, Staff, and Management Partner Standiford regarding the potential savings in outsourcing the Police Department, the Police Department operating budget, process of establishing assessment districts, and CalPERS rates for public safety agencies.

City Administrator Butzlaff noted that the City conducted three community workshops as part of the process. He noted that the public provided the following alternatives: advertising on bus stops, collaborating with non-profits, raise transit occupancy tax, create a safety assessment, and the restoration of the Utility Users' Tax. He noted that this information is available on City's website. He noted that the City has reduced cost and has not filled vacant positions, but the City cannot carry a deficit. He noted that the Budget Stabilization Plan reports that the City would be running on a multiyear deficit in the next four years. He provided a brief review of the target scenario. He noted that the City does have available reserves to cover the deficit. He provided a brief review of all long-term financial liabilities which include debt, compensated absences, claims payable, pension, retiree medical, streets, facilities, and equipment. He asked for Council direction on the proposed alternatives.

Public Works Manager McConaha provided a brief presentation on revenue enhancement through assessment districts. He noted that the majority of the Landscape Maintenance District is in the southern and eastern portion of the City. He provided a brief narrative of the approval process, which requires a majority approval by the owners within the district. He noted that the proposed new assessment is an additional \$64 to \$100 per property located within the district. He noted that the potential cost to implement the district is \$45,000 - \$50,000. He noted that the resolution initiating ballot proceeding would need to be adopted by April 2014 to be included in the 2014-15 tax roll. He noted that Landscape Maintenance District costs would continue to rise requiring more general fund contribution and service reductions.

Councilmember Wanke inquired about the district borders and voting process.

Public Works Manager McConaha responded that the Emerald Isle property owner vote would weight more. He noted that if Council decides to move forward with the assessment process a resolution would be presented in April.

City Administrator Butzlaff noted that the Landscape Maintenance District currently owes the General Fund \$800,000. This would recuperate the funds and create a reserve.

Mayor Nelson inquired about the type of education efforts and the services provided to Emerald Isle.

Public Works Manager McConaha responded that Emerald Island receives the benefits the rest of the City receives. He noted that the City would have several community meetings in the district.

City Administrator Butzlaff asked Council to give Staff direction on Landscape Maintenance District assessment. He noted that Staff would have to bring back a resolution to initiate the ballot proceeding and award of contract to an engineering firm for ballot proceeding process by April 15, 2014.

City Council directed Staff to bring back the Landscape Maintenance District assessment on the April 15, 2014 agenda.

A five-minute break taken and the meeting resumed at 9:12 p.m.

City Administrator Butzlaff introduced Director of Administrative Services/Community Services Pischel to provide a presentation on the restoration of the Utility Users' Tax.

Director of Administrative Services and Community Services Pischel provided a brief narrative on the restoration of the Utility Users' Tax to five percent. He noted that the restoration would require voter approval at a regular municipal election. He noted that the cost to residents would vary from \$77 to \$103 per household per year. He noted that the potential cost to implement the assessment would be approximately \$25,000 for the public opinion survey and \$15,000 to \$20,000 for the education campaign. He noted that if Council decides to move forward with the assessment the last day for Council to adopt a resolution calling for an election would June 17, 2014.

Mayor Nelson noted that voters statewide do not approve the majority Utility Users' Tax proposals.

Director of Administrative Services/Community Services Pischel provided a brief narrative of the alternatives and other considerations. He noted that the higher the service bill the higher the tax. He provided a breakdown of Utility Users' Tax cost per household on a monthly basis. He noted that the restoration may be included on the November 4, 2014 election ballot. He noted that another alternative would be an increase in sales tax.

Councilmember Wanke noted that an increase in sales tax would eliminate current businesses. He inquired about the votes required.

City Administrator Butzlaff responded that it requires a 2/3 votes in order to pass.

Mayor Nelson inquired about a public safety assessment.

City Administrator Butzlaff responded that a public safety assessment requires a protest vote.

City Attorney Arczynski noted that City owned properties are included in the assessment districts.

City Administrator Butzlaff noted that Staff would be meeting with the citizen's survey firm to decide how to handle the survey. He noted that Staff needs direction from Council in order to finalize the survey questionnaire.

Councilmember Underhill noted that the Utility Users' Tax restoration seems to be the alternative most likely to pass.

Councilmember Yamaguchi spoke in opposition of increasing sales tax.

Councilmember Underhill recommended obtaining the residents feedback regarding their threshold tolerance on a Utility Users' Tax restoration.

Councilmember Wanke recommended obtaining the residents feedback regarding their threshold tolerance on a Utility Users' Tax restoration.

Councilmember Yamaguchi inquired if the City has explored an ambulance subscription program.

City Administrator Butzlaff noted that it would be cost prohibited to collect ambulance subscription.

Mayor Pro Tem Aguirre recommended obtaining the residents feedback regarding their threshold tolerance on the Utility Users' Tax restoration. He noted that he is not in favor of sales tax increase.

City Council gave Staff direction to have the survey ask questions regarding the Utility Users' Tax restoration with the possibility of including a sunset provision, and no other tax to be included.

Discussion ensued between Council and Staff regarding the types of questions that may be included in the citizen's survey.

City Administrator Butzlaff noted this is not the first time that the City has looked at outsourcing police services. He noted that Management Partners estimated \$4.3 million in savings. He introduced Deputy Chief of Police Smith to provide a presentation on alternative service delivery.

Deputy Chief of Police Smith provided a presentation on alternative service delivery – outsourcing the Police Department. He noted that there is a potential for savings estimated at \$4.3 million. He provided a brief review of the potential cost to implement the outsourcing of police services to the OC Sheriff's Department. He noted that there is no charge for an informal proposal and \$75,000 for a formal proposal from the OC Sheriff's Department. He noted that there would be a recognized anticipated CalPERS rate increase in July 1, 2016. He noted that July 2017 is the deadline to purchase dispatch consoles for 800 MHz system.

Councilmember Underhill inquired about regionalizing police departments.

City Administrator Butzlaff noted that if a regionalization occurs, only one 800 MHz system would be purchase and the cost would be split.

Deputy Chief of Police Smith provided a narrative of key issues and questions, alternatives, other consideration, and potential next steps. He noted that if Council desires to further

examine the alternative, they would need to adopt a resolution requesting CalPERS to provide cost information on terminating the Public Safety Plan, request informal proposal from OC Sheriff's Department, and Staff would need to present a revised estimate of potential savings based on the information gathered.

Councilmember Yamaguchi inquired about the questions listed on the presentation.

Chief of Police Hicks responded that the questions are a starting point for a discussion.

City Administrator Butzlaff noted that Staff does not have the information available to address all the key issues. He noted that all these are viable proposals that require further research.

Councilmember Yamaguchi noted that the presentation gave him more questions than answers.

Mayor Nelson noted that all the key issues and questions listed on the presentation are legitimate. He noted that he would like to obtain the answers. He noted that he has never received an endorsement from the Police Department. He noted that the City's intent is to maintain the Police Department. He noted that Council needs answers to all the questions before they continue.

Chief of Police Hicks noted that the OC Sheriff's Department require a formal request from Council and require 30 days respond period. He noted that all cities police differently.

Discussion ensued between Council and Staff regarding the retirement formula and the City's liability responsibility.

Councilmember Yamaguchi noted he would like to hear from the public.

Councilmember Underhill noted that the OC Sheriff's Department hired most of the City of Brea officers. She recommended moving forward with an informal proposal from the OC Sheriff's Department to have a better understanding of the numbers. She noted that no decision is required at this moment.

Councilmember Yamaguchi noted that he does not believe the numbers presented regarding the Police Department are correct.

City Administrator Butzlaff noted that the numbers on the documents presented tonight are correct and were provided by the OC Sheriff Department.

Councilmember Yamaguchi requested an accurate comparison. He noted that numbers presented to Council were fixed.

City Administrator Butzlaff noted that Councilmember Yamaguchi is making serious allegations. He noted that there is no hidden agenda.

Councilmember Yamaguchi noted that he does not believe outsourcing police services to the OC Sheriff's Department would generate savings. He noted that the community supports the Placentia Police Department.

Discussion ensued between Council and Staff regarding the officer per population ratio and a potential reduction in services.

CITY COUNCIL/BOARD MEMBERS REQUESTS:

Councilmember Underhill noted that if voters do not support the Utility Users' Tax restoration the City would need to look at other alternatives. She recommended moving forward with an informal request from the OC Sheriff's Department. She noted that they need to identify all alternatives and money figures.

Councilmember Wanke noted that the government needs to provide public works and public safety services to the community. He noted that Council received the agenda packet the same night of the meeting. He noted that if the police services are outsourced the City would suffer. He spoke in support of keeping the Police Department. He recommended allowing the Police Department to manage their own budget.

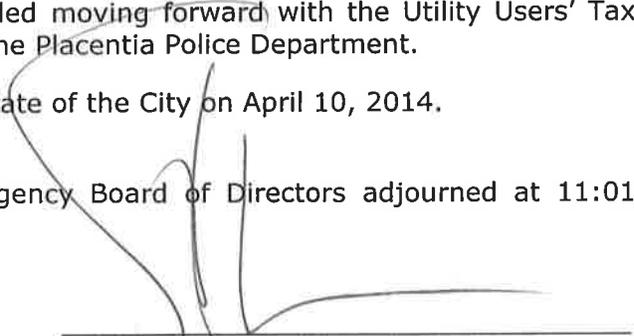
Mayor Pro Tem Aguirre noted that back in 2003 he was a community member who supported the Placentia Police Department. He noted that the City is in a serious financial situation. He noted that he is not in favor of raising taxes, but reductions need to be made. He noted that he is not in favor of outsourcing police services. He noted that Staff and Council have been proactive in seeking economic development.

Mayor Nelson noted that a petition was submitted shutting down both ordinances allowing digital advertising billboards. He recommended moving forward with the Utility Users' Tax restoration. He spoke in support of keeping the Placentia Police Department.

Councilmember Yamaguchi announced the State of the City on April 10, 2014.

ADJOURNMENT:

The City Council/Successor Agency/ICDA Agency Board of Directors adjourned at 11:01 p.m. to April 1, 2014 at 5:30 p.m.


SCOTT W. NELSON
MAYOR/AGENCY CHAIR

ATTEST:


PATRICK J. MELIA, CITY CLERK/AGENCY
SECRETARY

