



Study Session Meeting Agenda

January 13, 2015

Placentia City Council

Placentia City Council as Successor to the

Placentia Redevelopment Agency

Placentia Industrial Commercial

Development Authority

Chad P. Wanke
Mayor

Jeremy B. Yamaguchi
Mayor Pro Tem

Craig S. Green
Council Member

Scott W. Nelson
Council Member

Constance M. Underhill
Council Member

Patrick J. Melia
City Clerk

Kevin A. Larson
City Treasurer

Troy L. Butzlaff, ICMA-CM
City Administrator

Andrew V. Arczynski
City Attorney

City of Placentia
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Mission Statement

The City Council is committed to keeping Placentia a pleasant place by providing a safe family atmosphere, superior public services and policies that promote the highest standards of community life.

Vision Statement

The City of Placentia will maintain an open, honest, responsive and innovative government that delivers quality services in a fair and equitable manner while optimizing available resources.

Copies of all agenda materials are available for public review in the Office of the City Clerk, online at www.placentia.org, and at the Placentia Library Reference Desk. Persons who have questions concerning any agenda item may call the City Clerk's Office, (714) 993-8231, to make inquiry concerning the nature of the item described on the agenda.

Procedures for Addressing the Council/Board Members

Any person who wishes to speak regarding an item on the agenda or on a subject within the City's jurisdiction during the "**Oral Communications**" portion of the agenda should fill out a "**Speaker Request Form**" and give it to the City Clerk BEFORE that portion of the agenda is called. Testimony for Public Hearings will only be taken at the time of the hearing. Any person who wishes to speak on a Public Hearing item should fill out a "**Speaker Request Form**" and give it to the City Clerk BEFORE the item is called.

The Council and Board members encourage free expression of all points of view. To allow all persons the opportunity to speak, please keep your remarks brief. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of an entire group. To encourage all views, the Council and Board discourage clapping, booing or shouts of approval or disagreement from the audience.

PLEASE SILENCE ALL PAGERS, CELL PHONES, AND OTHER ELECTRONIC EQUIPMENT WHILE COUNCIL AND BOARD MEMBERS ARE IN SESSION.

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 993-8231. Notification 48 hours prior to the meeting will generally enable City Staff to make reasonable arrangements to ensure accessibility.
(28 CFR 35.102.35.104 ADA Title II)

In compliance with California Government Code § 54957.5, any writings or documents provided to a majority of the City Council regarding any item on this agenda that are not exempt from disclosure under the Public Records Act will be made available for public inspection at the City Clerk's Office at City Hall, 401 East Chapman Avenue, Placentia, during normal business hours.

Study Sessions are open to the public and held in the City Council Chambers or City Hall Community Room. Executive Sessions are held in the Council Caucus Room. While the public may be in attendance during oral announcements preceding Executive Sessions, Executive Sessions are not open to the public.

**PLACENTIA CITY COUNCIL
PLACENTIA CITY COUNCIL AS SUCCESSOR TO THE
PLACENTIA REDEVELOPMENT AGENCY
PLACENTIA INDUSTRIAL COMMERCIAL DEVELOPMENT AUTHORITY
STUDY SESSION MEETING AGENDA
CITY COMMISSION and COMMITTEE INTERVIEWS
January 13, 2015
5:00 p.m. – City Council Chambers
401 E. Chapman Avenue, Placentia, CA**

CALL TO ORDER:

ROLL CALL: Councilmember/Board Member Green
Councilmember/Board Member Nelson
Councilmember/Board Member Underhill
Mayor Pro Tem/Board Vice Chair Yamaguchi
Mayor/Board Chair Wanke

ORAL COMMUNICATIONS:

At this time the public may address the City Council and Boards of Directors concerning any agenda item, which is not a public hearing item, or on matters within the jurisdiction of the City Council and Boards of Directors. There is a five (5) minute maximum time limit for each individual addressing the City Council and Boards of Directors.

CITY COUNCIL:

a. **Interviews of applicants for various City Commissions and Committees**

Selection and appointments will be made during the 7:00 p.m. Regular Meeting to be held January 20, 2015.

RECESS: The City Council and Boards of Directors will recess to their 7:00 p.m. Study Session.

**PLACENTIA CITY COUNCIL
PLACENTIA CITY COUNCIL AS SUCCESSOR TO THE
PLACENTIA REDEVELOPMENT AGENCY
PLACENTIA INDUSTRIAL COMMERCIAL DEVELOPMENT AUTHORITY
STUDY SESSION MEETING AGENDA
January 13, 2015
7:00 p.m. – City Council Chambers
401 E. Chapman Avenue, Placentia, CA**

CALL TO ORDER:

ROLL CALL: Councilmember/Board Member Green
Councilmember/Board Member Nelson
Councilmember/Board Member Underhill
Mayor Pro Tem/Board Vice Chair Yamaguchi
Mayor/Board Chair Wanke

INVOCATION:

PLEDGE OF ALLEGIANCE:

ORAL COMMUNICATIONS:

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STUDY SESSION

SS1. Discussion and Direction Regarding Auditor's Draft Annual Report and Other Related Budget Matters

CITY COUNCIL/BOARD MEMBERS REQUESTS:

Council/Board Members may make requests or ask questions of Staff. If a Council/Board Member would like to have formal action taken on a requested matter, it will be placed on a future Council or Board Agenda.

ADJOURNMENT:

The City Council/Successor Agency/ICDA Agency Board of Directors will adjourn to January 20, 2015 at 5:30 p.m.

TENTATIVE AGENDA FORECAST

The Tentative Agenda Forecast is subject to change up until the posting of the Agenda for the Council Meeting listed below:

January 20, 2015

- Amendment No. 4 to Cooperative Agreement with OCTA for the Richfield Road Widening Project and Richfield Road/Orchard Drive Traffic Signal Project.
- Additional Contract Contingency for the Demolition and Clean Up of the Placentia Packing House site.
- Lease extension for wireless communication facility at Tuffree Park.
- Branding Logo and Tagline for Marketing Materials related to Economic Development.
- Appointment to the Oversight Board.
- Appointments to various City Commissions and Committees.
- Appointments to the Citizens Fiscal Sustainability Task Force.

CERTIFICATION OF POSTING

I, Rosanna Ramirez, Interim Chief Deputy City Clerk of the City of Placentia and Assistant Secretary of the Industrial Commercial Development Authority and Successor Agency, hereby certify that the Agenda for the January 13, 2015 meetings of the City Council, Successor Agency, and Industrial Commercial Development Authority was posted on January 8, 2015.

Rosanna Ramirez,
Interim Chief Deputy City Clerk



Placentia City Council

AGENDA REPORT

TO: CITY COUNCIL

FROM: CITY ADMINISTRATOR

DATE: JANUARY 13, 2015

SUBJECT: AUDITOR'S DRAFT ANNUAL AUDIT REPORT AND CITY'S RESPONSE

FINANCIAL

IMPACT: N/A

INTRODUCTION:

The City continues to operate with a structural deficit. This year the deficit was \$1.7 million. The City's five year fiscal forecast projects that the structural deficit will grow each year and by Fiscal Year 2017-18 the deficit could reach \$5 million. The City's independent auditors have expressed concern about the growing structural deficit and the City's ability to remain fiscally viable. The auditors have issued a "going concern" finding as part of their audit report and expect the City Council, in conjunction with City Staff, to provide a response that describes, with a certain level of specificity, how the City Council plans to address the fiscal concerns facing the City.

RECOMMENDATION:

It is recommended that the City Council take the following actions:

1. Provide direction to Staff as appropriate.

DISCUSSION:

Placentia is at a crossroads. Like virtually every other municipality across the country, the City currently faces a growing and dangerous fiscal crisis. This crisis, which is the result of the compounded effects of the failed ONTRAC Project, years of deficit spending and a troubled economic climate, has essentially left the City with less than \$1.5 million in reserves and a grim five-year financial forecast showing budget deficit growing from \$2.8 million next year to an estimated \$5 million shortfall by Fiscal Year 2017-18.

In Fiscal Year 2013-14, General Fund revenues including transfers in totaled \$29,418,545. Unfortunately, General Fund expenditures including transfers out totaled \$30,281,728. This is a difference of \$863,185. As of June 30, 2014 the General Fund had a balance of \$4,889,797. Of this amount only \$1,000,777 is unassigned fund balance.

In performing their annual audit of the City's financial statements, the independent auditors, Haskell & White, have indicated that they will be issuing a going concern finding as part of their audit report on the City. A going concern is universally understood and accepted by accounting professionals to mean there is insufficient information about the entity's ability to meet its obligations as they come due. In other words a going concern is an unqualified statement on the fiscal health of the entity and a warning to investors and credit holders that the entity might not be able to sustain itself within the next twelve months.

The purpose of this Study Session is to discuss various options and/or ideas that the City Council has to address the City's financial condition, as well as to provide appropriate direction to City Staff on how to draft a response that addresses the auditors' going concern over the City's continued fiscal viability. It is crucial that the City provide a response to the independent auditors to reassure the investment community, credit rating agencies and creditors that the city is a viable entity and has a plan for addressing the City's fiscal condition. Once Staff has some direction from Council, a cogent response can be drafted for inclusion in the Management Discussion and Analysis (MD&A) that is made part of the Comprehensive Annual Financial Report (CAFR). In order to meet certain disclosure deadlines and to insure that the CAFR is eligible for consideration as part of the Government Finance Officers Association annual financial reporting award program the CAFR must be completed by January 31, 2015.

Reviewed and approved:


Linda Magnuson
Chief Financial Officer

Reviewed and approved:


Troy L. Butzlaff, ICMA-CM
City Administrator