



Minutes

Lakewood City Council

Adjourned Regular Meeting held
June 23, 2007

MEETING WAS CALLED TO ORDER at 9:01 p.m. by Mayor DuBois in the Executive Board Room at the Civic Center, 5000 Clark Avenue, Lakewood, California.

ROLL CALL: PRESENT: Mayor Diane DuBois
Vice Mayor Steve Croft
Council Member Joseph Esquivel
Council Member Todd Rogers
Council Member Larry Van Nostran

CONSIDERATION OF 2007-08 BUDGET ISSUES:

Administrative Services Director Diane Perkin advised the meeting would be comprised of an economic overview, budget overview, focus area reports and a trend analysis.

ECONOMIC CONDITIONS:

She displayed slides entitled: Percentage Annual GDP Growth, Residential Investment Change, Consumer Confidence, Inflation and Interest Rates, National Economic Forecast, Regional Sales Tax Change, Per Capita Sales by Sector, State Employment Forecast, State Budget Overview, Modest Economic Growth, State Deficit Forecast, Los Angeles County Jobs, Lakewood Unemployment Rate, Property Tax Trends, Property Assessments % Change, Sales Tax Trend, The 6% Problem, Assessed Value and Revenue, Sources of Sales Tax Revenue, Lakewood's Sales Tax Ranking, Per Capita Sales Tax Revenue, Per Capita Taxable Retail Sales, Top 20 Sales Tax Producers, Telecom UUT Revenue, FET Long Distance Ruling, Effect of Los Angeles Lawsuit, Top 10 Revenue Sources.

She noted that the increases in fuel costs meant that individual had less disposable income, causing a drop in retail sales and auto sales. The drop in retail and auto sales meant less sales tax revenue, hitting Lakewood especially hard. She reported that inflation was predicted to level off and unemployment was expected to remain low. She also touched on the issues stemming from the end of the recent housing boom, such as properties going into foreclosure. She stated that the City was at a disadvantage since only six percent of property in Lakewood was available for commercial or industrial uses, a significantly lower percentage than surrounding cities.

Council Member Van Nostran and Vice Mayor Croft inquired about the unemployment figures shown for Lakewood. Ms. Perkin responded by stating that the numbers reflected the Lakewood residents collecting unemployment benefits according to State data, not the number of available jobs within the City or the percentage of Lakewood residents employed within the City.

2007-08 BUDGET ISSUES: Continued

Responding to a question from Mayor DuBois, Ms. Perkin stated that although there were no hard numbers available for home loans in default in Lakewood, it was generally the interior areas of the State, like San Bernardino County, where a lot of new construction had occurred, that were being hit the hardest.

BUDGET OVERVIEW:

The Director of Administrative Services reviewed slides entitled: Revenue and Expenditures, FY2007-2008 Revenue; Appropriations by Category, Expenditures by Type. FY 2007-2008 Contract Services, Top 10 Contract Services, Operational Budget by Function, Legislative, City Support Services, Public Safety, Transportation, Community Development, Waste Collection and Disposal, Culture and Leisure, and Water Utility.

She advised that the budget made it apparent that Lakewood was a contract city, as 43 percent of the budget expenditures were for contract services, the largest being the law enforcement contract with the Los Angeles County Sheriff's Department. She also noted the revenue types that were considered pass through items such as the water utility and waste collection, where fees were collected to cover the actual cost of the services provided.

CAPITAL IMPROVEMENTS:

There was a brief review of the fourteen proposed capital projects on the Capital Improvements list for FY2007-2008, including continuing projects such as water main replacement and street resurfacing, and new projects like the proposed replacement of the activity building at Mae Boyar Park.

At 9:31 p.m., the Lakewood Redevelopment Agency was convened for the Economic Development presentation.

FOCUS AREA - ECONOMIC DEVELOPMENT:

The Director of Administrative Services made a brief presentation on the City's relationship to the Redevelopment Agency and how tax increment funding was used. She noted that two of the three project areas were reaching the end of their bonding capacity and would have until the year 2025 to pay off the debt.

City Manager Howard Chambers advised that about half of the cities in California had Community Redevelopment Agencies and noted that Lakewood had been able to complete some projects that had benefited the community, such as the replacement of the declining Dutch Village center with the Lakewood Marketplace.

Ken Gillette, representing the Macerich Corporation, remarked on the extraordinarily close working relationship between the City and Macerich. He noted that Macerich, the nation's third largest mall retailer, had purchased the Lakewood Center Mall in 1975. He talked briefly about the company's research efforts to determine the nature of the mall's customers, unreached customer groups, and the type of stores and restaurants shopper would like to see in the mall.

2007-08 BUDGET ISSUES: Continued

Responding to a question from Council Member Van Nostran, Mr. Gillette stated that the location of the Wells Fargo Bank on the site vacated by the Goodyear store on Candlewood Street had been made based on customer demand and compatibility of parking uses.

Council Member Rogers inquired about the research and image of the center. Mr. Gillette stated responses from customers had shown that most people felt both comfortable and safe shopping at the mall.

Mr. Gillette reviewed the strengths and weaknesses of the center, noting that the priorities for improvement were landscaping and signage.

Council Member Esquivel asked about the two theater sites and whether there was sufficient demand for two sites. Mr. Gillette stated that the orientation of the buildings along Del Amo Boulevard to the site was not really optimal and that the mall was looking at rehabilitating that portion of their campus.

FOCUS AREA – SOLID WASTE COLLECTION AND DISPOSAL:

Public Works Director Lisa Rapp reviewed current operations including the existing contracts with BZ Disposal, SERRF and CR&R. She advised that SERRF had made requests for contract revisions that would require negotiations and she noted that there was legislation pending that could modify the diversion requirements of AB 939 and impact both collection and disposal.

Marty Simonoff, BZ Disposal/EDCO, stated that all residential waste collection was now being done manually and that with the advent of automated collection in other cities, it was becoming more difficult to recruit drivers.

Responding to a question from Mayor DuBois, Mr. Simonoff stated that if the City were to go to an automated collection system, the routes would change since a single truck would be able to collect from nearly twice as many locations each day. He also confirmed for Council Member Esquivel that the current trucks could be modified for automated collection.

Vice Mayor Croft, noting that waste collection and disposal was one of the budget areas where costs were offset by rate fees collected, any major changes would require careful negotiation.

Mr. Simonoff confirmed for Council Member Van Nostran that automated collection would require the separate collection of recyclable materials.

FOCUS AREA – PUBLIC SAFETY:

Captain Dave Fender, commander of the Lakewood Sheriff's Station, outlined the staffing and services included in the City's contract with the Los Angeles County Sheriff's Department. He noted that this year marked a considerable increase in contracting costs based on labor costs. He advised that the Department had needed to provide an increase in salary for deputies to current market rates in order to stay competitive with other local law enforcement agencies and retain staff.

2007-08 BUDGET ISSUES: Continued

The City Manager stated that predictions were for contract prices to be slightly lower for the next fiscal year and the following year to drop significantly.

Captain Fender reported on current crime trends in the area, suppression efforts and Department organizational issues.

FOCUS AREA – STREET SWEEPING:

The Director of Public Works reviewed current street sweeping operations, stating that the City had contracted with the R.F. Dickson Co. for over 40 years to provide once-a-week sweeping on the day after waste collection. She reported that about 34% of the City had been posted for no parking on sweeper day by a petition process. She noted that there was a Council ad hoc committee currently looking at expanding to a no parking on sweeper day policy citywide.

Council Member Esquivel inquired about how that would impact the City's parking control operation. The City Manager responded by stating that since there were many variables, including the level of compliance with the City's new recreational vehicle and trailer parking regulations, impacts were yet to be determined.

Ms. Rapp stated that adjustments were needed on the Dickson contract. The current contract rate was so far below market, that Dickson was no longer able to provide service at that price. She also noted that strict, new Air Quality Management District requirements meant a change over to alternate fuel vehicles which were more expensive to purchase and maintain.

Steve Dickson, R.F. Dickson Company, responded to a question from Council Member Van Nostran by stating that grant funding previously available to offset a portion of the cost of an alternate fuel vehicle was no longer available, and that the alternate fuel vehicles used twice as much fuel and required twice as much maintenance than the traditional equipment. He also noted that the current Lakewood rate was only about one-third of the current market rate.

Ms. Rapp confirmed for Council Member Rogers that the proposed new rates would bring the contract amount up to a median market rate and that if a re-negotiation was triggered, it was possible to exit the contract.

Council Member Van Nostran inquired if a no parking policy would make the regular sweeping proceed faster. Mr. Dickson responded by confirming that, but stated that the primary benefits would be cleaner streets and reduced potential for accidents.

Responding to a question from Vice Mayor Croft, Ms. Rapp stated that the rate increase was not fully funded as the actual costs had not be known at the time the budget projections were made and an additional allocation would be needed.

FOCUS AREA – INFORMATION TECHNOLOGY & MUNIS IMPLEMENTATION:

Assistant City Manager Michael Stover provided an update on the progress and challenges of the MUNIS project implementation, noting that there were still a number of components remaining, including the utility billing implementation.

2007-08 BUDGET ISSUES: Continued

He reported that the MUNIS system management would be transferred to the Administrative Services department in August and that IT functions would also be transferred there in October.

FOCUS AREA – RECREATION AND COMMUNITY SERVICES:

Recreation and Community Services Director Lisa Litzinger reviewed department programs including Summer Programs; Aquatics; Day Camps; Block Party; Contract Classes; Lakewood Youth Sports; Activity/Summer Cool Zone; Senior Programs and Services; and Facility Rentals. She noted that 73 percent of registrations from the summer catalog had been made through the City's online system. She also advised that the department would begin to charge a non-resident fee for contract classes, similar to the resident/non-resident fee schedule currently in place for swimming pool use.

Vice Mayor Croft questioned the ratio of resident to non-resident participation. Ms. Litzinger responded by stating that the ratio was about 65 percent resident, 35 percent non-resident. She noted that the percentages were the same for other programs such as LYS and Senior Center programming.

Ms. Litzinger also reviewed the proposed Capital Improvement Projects including improvements at the Centre; Rynerson Park; Weingart Senior Center; Bloomfield Park; and for security cameras and sports lighting. She displayed plans for a new recreation building to replace the existing activity building at Mae Boyar Park which had deteriorated and no longer met Federal accessibility standards. She advised that there was approximately \$1 million in grants and park development funds available for the project, but another \$1.7 million would be needed to complete the project.

Council Member Van Nostran inquired if the building footprint would be about the size of the existing building. Ms. Litzinger responded by stating that although the building would be a little larger and would extend farther out toward the Del Amo Boulevard side of the site, the building would not be closer to the adjacent residential properties than the existing building.

COUNCIL MEMBER ROGERS MOVED AND COUNCIL MEMBER ESQUIVEL SECONDED TO APPROVE THE PROJECT FOR THE CONSTRUCTION OF A NEW RECREATION BUILDING AT MAE BOYAR PARK AND TO APPROPRIATE \$1.7 MILLION TO COMPLETE THE CONSTRUCTION. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Van Nostran, Esquivel, Croft, Rogers and DuBois

NAYS: COUNCIL MEMBERS: None

FOCUS AREA – WATER RESOURCES:

Water Resources Director Jim Glancy stated that the water enterprise was completely supported by water rates collected and had a proposed budget of \$7 million. He reviewed the Capital Improvement Project proposed including 2.1 more miles of water main replacement; completion of Water Well 27; and project design for Plant 22 replacement. He also outlined a proposal that had been made by City Light & Power for the installation of a photovoltaic

2007-08 BUDGET ISSUES: Continued

project at Plant 4. The project would provide solar power for the plant, reducing the dependence on Edison power by generating 390,000 kWh of power in the first year and saving an estimated \$2.5 million over the 30-year life of the equipment. He advised that there may be funds available for the project through a solar initiative rebate program. He concluded by stating there were always unknowns with the water industry as water quality requirements were constantly being re-evaluated for substance testing or removal.

FOCUS AREA – ON-GOING AND FUTURE HOUSING PROGRAMS:

Community Development Director Jack Gonsalves gave a presentation on Housing Set-Aside Funds and ongoing housing programs such as the Rehab Home Loan Program, the Fix Up/Paint Up Program, scattered lot acquisition and the neighborhood clean up programs. He briefly reviewed the source and purpose of Housing Set-Aside funds, noting that currently there was an excess surplus of \$182,000 that must be spent by July of 2010 in order to avoid penalties. He noted that those funds were to be spent in proportion with the Regional Housing Needs Assessment (RHNA) and that although there were a number of programs that met the moderate income guidelines, funding remained available for low and very low income projects or programs. He reported that staff had been approached by representatives from Su Casa Family Crisis Center with a request for assistance.

Tanya Whiteleather, Su Casa Board President, thanked the City Council for their long term support for Su Casa and its efforts to combat domestic violence.

Christina Satki, Su Casa Community Liaison, briefly outlined the transitional housing program, its success and that there were 24 people in the program currently.

Diana Needham, Su Casa Board Member, stated that she was a realtor and had assisted Su Casa in their original acquisition of the emergency shelter units. She presented information on a Lakewood property that the organization was interested in acquiring for additional transitional housing.

The City Manager clarified that the request included assistance with the rehabilitation of the existing transitional housing units, including roof repairs, and funding for additional transitional housing units.

VICE MAYOR CROFT MOVED AND COUNCIL MEMBER ESQUIVEL SECONDED TO DIRECT STAFF TO PURSUE FUNDING OPTIONS TO ASSIST SU CASA ON THE REHABILITATION WORK ON THE EXISTING TRANSITIONAL HOUSING SITE AND FOR ADDITIONAL TRANSITIONAL HOUSING UNITS. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Van Nostran, Esquivel, Croft, Rogers and DuBois

NAYS: COUNCIL MEMBERS: None

Vice Mayor Croft explained that although the Council action was to support the property acquisition project, it was not tied to a specific property.

At 12:30 p.m., Mayor DuBois called for a brief recess. At 12:35 p.m., the meeting reconvened with all members of the City Council present.

2007-08 BUDGET ISSUES: Continued

BUDGET TREND ANALYSIS:

The Director of Administrative Services reviewed Revenues by Major Fund, noting the General Fund account for 73 percent of those funds; Significant Differences by Function, including the largest portion, sales taxes; Significant Differences by Type; and a list of estimated costs for items that may require mid-year consideration.

Noting the lower numbers proposed for hardscape repair and tree planting, Vice Mayor Croft asked if large mid-year adjustment numbers could be expected. The Director of Public Works responded that some of the lower numbers were based on work having been completed ahead of schedule. Vice Mayor Croft expressed concern that reducing funding too much would push these programs back to a place where the service levels were not at the level desired by the City Council. The City Manager stated staff would prepare a supplemental report on these accounts.

The City Manager advised that as there really were no definitive answers, staff would not exhaust the budgeted amounts in the first six months, but would be using a discretionary spending approach based on how economic factors were developing.

ORAL COMMUNICATIONS: None

ADJOURNMENT

There being no further business to be brought before the City Council, Mayor DuBois adjourned the meeting at 12:52 p.m.

Respectfully submitted,

Denise R. Hayward, CMC
City Clerk