



# Minutes

## Lakewood City Council

Adjourned Regular Meeting held  
April 20, 2010

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MEETING WAS CALLED TO ORDER at 6:02 p.m. by Mayor Esquivel in the Executive Board Room at the Civic Center, 5000 Clark Avenue, Lakewood, California.

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

### REVIEW OF LAKEWOOD HOUSING AUTHORITY VOUCHER PROGRAM

Community Development Director Sonia Southwell gave an update on the status of the Lakewood Housing Authority Voucher Program, whereby Federal funding from the Section 8 housing assistance program, was used to provide rental assistance to low-income individuals and families. She noted that the Housing Authority of the County of Los Angeles (HACoLA) had been the program administrator for the program, but had provided notification that they would no longer be able to administer individual city programs.

Dayana Savala, representing the Housing Authority of the County of Los Angeles, advised that a fiscal year analysis showed that the lease-up rate was 67 percent, with a payment utilization rate of 98 percent. She noted that a calendar year analysis showed a utilization rate of 102 percent.

Responding to a question from Mayor Esquivel, Ms. Savala stated that funding over the 100 percent point was taken from the Lakewood Housing Authority reserve fund, which had a current balance of \$767,000.

At the request of Council Member DuBois, Mona Vega, also with the HACoLA, stated that if the Lakewood Housing Authority were ever to run out of reserves, Lakewood would be approached to make up the funding. Ms. Vega confirmed that the HACoLA was encouraging all of the individual cities to transfer their vouchers to the County.

City Attorney Steve Skolnik reported that the options available were to merge the existing Section 8 program with the county-wide program administered by HACoLA; administer the program in-house; or contract with another housing agency.

#### REVIEW OF HOUSING AUTHORITY VOUCHER PROGRAM - Continued

Ms. Southwell advised that the reason the HACoLA could no longer provide separate administrative services was the expense of running concurrent programs with different payment standards. She reported that the HACoLA wanted one payment standards of 90 percent of market rate, where historically, the Lakewood Housing Authority had made adjustments to the payment rates to increase or decrease the lease-up rate and was currently at 110 percent of market rate.

Ms. Savala responded to a question from Council Member Rogers by stating that participants were required to receive no less than a one year notice on changes to the payment standards.

Responding to a question from Council Member Rogers, Ms. Vega stated that if the Lakewood Vouchers were transferred to the County, any voucher holder anywhere in the County could seek housing in Lakewood, but there would no longer be Lakewood-specific vouchers.

The City Attorney advised that one major difference would be the end of a Lakewood-specific waiting list, everyone would be on the County-wide list. He noted that statistically, even though the County list was significantly larger, the wait would likely be about the same since the County had a much higher attrition rate and applicants would move more quickly to the top of the list.

Ms. Savala clarified for Council Member Rogers that voucher holders located in Lakewood as a matter of family choice and based on the availability of housing. She conceded that lowering the payment rate from 110 percent to 90 percent of market rate might cause a Lakewood-based Section 8 participant to seek more affordable housing elsewhere.

Ms. Southwell reported that as a requirement for the receipt of the Federal funding and to maintain funding levels, the Housing Authority was required to stay in good standing with the U.S. Department of Housing and Urban Development (HUD) by maintaining either a high lease up rate or a high utilization rate, determined by an annual audit.

Council Member Croft inquired about the impact on requirements for affordable housing if the Lakewood voucher program was merged with the County. Ms. Vega stated that the requirements for Section 8 focused on de-concentration of voucher holders, so that not all participants were compelled to live in poverty areas, but were provided with a housing choice. Ms. Vega confirmed that the County's payment standard was uniform across the County, without regard to how high or low the cost of housing in any particular city.

Council Member Rogers expressed concern regarding the loss of control over policy changes and operational issues. Ms. Savala stated that the HACoLA received and considered a lot of input from other agencies and advocacy groups. She confirmed that the Los Angeles County Board of Supervisors sat as the Board for the HACoLA, with a separate advisory board to make recommendations.

#### REVIEW OF HOUSING AUTHORITY VOUCHER PROGRAM - Continued

Ms. Southwell reported that staff had contacted 19 other cities operating their own housing authority and only three had expressed a willingness to even discuss providing administrative services for Lakewood on a contract basis, and only if Lakewood were willing to agree to a standardized payment rate.

Council Member Rogers inquired about the administrative costs of running an in-house program. Ms. Southwell stated that administrative costs were reimbursed by HUD at about \$150,000 - \$200,000 and that staffing for an in-house program would require a supervisor to oversee the program and be responsible for Federal program reporting requirements; a technician to conduct applicant interviews and site visits; a building inspector; and clerical support to provide public contact information and maintain the waiting list. She noted that the City of Hawaiian Gardens was currently running a program with a staff of four, but only one and one-half were funded through HUD administrative funds.

In response to a question from Mayor Esquivel, the City Attorney stated that although the City's low- and moderate-housing funds might be eligible for such a use, they were presently committed elsewhere, leaving only General Fund monies to make up the shortfall.

Council Member Croft inquired if there was a process to separate from the County if, at some future date, the City should want to re-establish a Lakewood Housing Authority. Ms. Vega responded by stating that the City would need to make an application to HUD for funding to establish a separate housing authority.

Ms. Southwell noted that most of the policies and policy changes made by HACoLA were actually mandates from HUD.

Council Member Rogers inquired about quarterly reports of Housing Voucher Program activity. Ms. Savala responded by stating that there were several cities within the County that had requested reports. Council Member Rogers thanked the staff and thanked Ms. Savala and Ms. Vega for answering all of the questions about the program.

At 6:38 p.m., Mayor Esquivel called for a brief recess. At 6:42 p.m., the City Council Meeting was reconvened.

#### PRELIMINARY REVIEW OF OPERATING BUDGET FOR FY2010-11

Administrative Services Director Diane Perkin displayed slides and provided a preliminary review of the General Fund Budget. She reported on conditions affecting the national economy such as the stock market; GDP growth; consumer spending; consumer credit; deflation and inflation; foreclosures; unemployment and consumer confidence. She noted that the State's budget woes were well known, with no solutions in sight, and the ever-present concern that they will come back to local agencies for more money. She reviewed the major revenue sources for the General Fund budget and the areas of revenue with the sharpest declines over the past four years.

#### PRELIMINARY REVIEW OF OPERATING BUDGET FOR FY2010-11 - Continued

Responding to a question from Mayor Esquivel, Ms. Perkin stated that the ongoing problem of foreclosures left properties vacant and drove down market prices, causing a corresponding drop in property tax rates and revenues. She detailed the top expenditures by type and presented the top contract services. She displayed a bar chart showing a fifteen-year history of revenues and expenditures, noting that an operational deficit was projected for fiscal year 2010-11.

Remarking on the specific areas of expenditure which were proposed for cuts in the budget for the coming fiscal year, City Manager Howard Chambers stated that a mid-year review was planned at which time the City Council could re-visit the cuts in light of the economic conditions at that time.

Council Member Croft inquired about budget assumptions on staff levels. Ms. Perkin responded by stating that sound budgeting practice was to assume that all allocated positions would be fully filled for the year and that savings would be realized if any positions were allowed to remain vacant.

The City Manager indicated that any vacant position that was not vital to operations would remain unfilled.

Vice Mayor Van Nostran inquired about the self-sustainability of recreation classes and contracts and whether any recreation fee increases would be proposed. Recreation and Community Services Director Lisa Litzinger replied regarding specific contracts that were completely self-sustainable and stated that although no new fee increases were proposed, there was a policy for charging non-resident fees for both recreation classes and facilities. Vice Mayor Van Nostran stated that this should be carefully monitored, especially if recreation programs and facilities in neighboring cities are curtailed.

The Vice Mayor also inquired about performance of local auto dealers. Ms. Perkin responded by stating that the local Hyundai dealer was performing particularly well at this time.

Ms. Perkin reviewed the areas of concern for revenues, including the further erosion of sales tax revenues, the instability of the LRA interest payment in light of State shifts, and the unknown impacts from the State budget process. She also noted the concerns for expenditures, noting that the General Fund included no funds for Capital Improvement Projects and that operational costs for the Redevelopment Agency would have to be absorbed by the General Fund in future years. She reported that although efforts had been made to chip away at the budget to get expenses as low as possible without jeopardizing services, the budget problem was revenue shortfall and, to avoid cutting services in the future, the City Council would need to look at updating current fee schedules and/or implementing new fees.

**PRELIMINARY REVIEW OF OPERATING BUDGET FOR FY2010-11 - Continued**

Responding to a question from Council Member DuBois, Ms. Perkin stated that revenues were not projected to improve much over the next two years and that indicators were that at least for a while, the present economic conditions would be the “new normal.” Council Member DuBois thanked the City Manager and Executive Management staff for their hard work to make cuts wherever possible.

Ms. Perkin presented Building and Safety fees as a budget area where a fee update was needed. She pointed out that current fees for Lakewood were approximately twenty percent below the charges from the County of Los Angeles to provide the services. She also presented several miscellaneous administrative fees, primarily water related, that could be implemented to offset the cost of providing the services.

Water Resources Director Jim Glancy responded to questions from the City Council by stating that the proposed fees were for services provided to commercial and industrial customers. He noted that many water agencies charged a monthly fee to such customers to cover the cost of such services.

Ms. Perkin advised that the City Council would be requested to review policies on planning-related fees for the FY2011-12 budget year and, depending on economic recovery, and future consideration of long-term solutions such as assessment districts for specific services.

Council Member DuBois expressed her feeling that Lakewood was a wonderful place to live and that the City Council would be facing some very difficult decisions in the future on how to maintain the quality of life in the City.

The City Manager advised that as proposed, the FY2010-11 budget would be a deficit-spending budget, even though with prudent spending and, hopefully, an improving economy, it would not end that way. He stated his recommendation would be to hold the line, tweak expenditures wherever possible, and deficit spend only if necessary.

Vice Mayor Van Nostran stated that he would reluctantly support adjusting the fees, as proposed, and using reserve funds, if necessary. Council Member DuBois concurred. Mayor Esquivel stated that he did not like it, but would support it.

Responding to questions from Council Member Rogers, the City Manager stated that the court decision on the legality of the attempted State take-away of Redevelopment Agency funds was due on May 4th and that although there would be salary savings through position vacancies, Lakewood did not have a very high employee turnover or vacancy rate.

Council Member Rogers stated he had difficulty considering the serious future options such as assessments, and that he would remain optimistic that the mid-year review could show that new development, such as the Nordstrom Rack scheduled to open later this year, would make such options unnecessary.

**PRELIMINARY REVIEW OF OPERATING BUDGET FOR FY2010-11 - Continued**

Council Member Croft stated that he would support reasonable fee adjustments now and consider covering the other half of the proposed deficit with reserve funds. He also stated that it would be important to look at ideas for long-term solutions to the revenue shortfall, in the event difficult choices need to be made.

ORAL COMMUNICATIONS: None

**CLOSED SESSION:**

**CONFERENCE WITH LABOR NEGOTIATORS**

Designated Representative: City Manager Howard Chambers

Employee Organization: Lakewood City Employees Association

Mayor Esquivel announced that pursuant to Government Code Section 54957.6, the City Council would recess to a closed session.

At 8:19 p.m., the City Council reconvened. Mayor Esquivel announced that instruction had been given to the City's negotiator.

**ADJOURNMENT**

There being no further business to be brought before the City Council, Mayor Esquivel adjourned the meeting at 8:20 p.m.

Respectfully submitted,

Denise R. Hayward, CMC  
City Clerk