

MINUTES

SPECIAL

BUDGET STUDY SESSION

JUNE 14, 2005

A special meeting of the City Council of the City of Rolling Hills Estates was called to order at 5:10 p.m. in the City Council Chambers, 4045 Palos Verdes Drive North, by MAYOR ADDLEMAN.

ROLL CALL

City Council Members Present: Addleman, Mitchell, Seamans, Zerunyan, Zuckerman

City Staff Present: City Manager Doug Prichard
Assistant City Manager Sam Wise
Community Services Director Andy Clark
Planning Director David Wahba
Interim Finance Director Mike Whitehead

AUDIENCE ITEMS NOT ON THE AGENDA/WRITTEN AND ORAL COMMUNICATIONS

- A. Barbara Dye introduced Kay Finer as the new Palos Verdes Peninsula Chamber of Commerce President.

Ms. Finer commented that it is her intention to greatly improve the role of the Chamber and be more responsive to businesses. She noted the following priorities: 1) City and Chamber work together to promote a strong local economy; 2) Encourage living and working on the Peninsula; 3) Market the commercial district and listen to the needs and concerns of local businesses; 4) Re-educate long-time residents to shop there; 5) Initiate a grassroots membership campaign; 6) Increase educational outreach to merchants; 7) Improve communication with the City; and 8) Have Chamber representatives attend COUNCIL meetings. Additionally, she stated her agenda as follows:

- Update City Council and staff on chamber activities
- Timely submission of reports to the City
- Responding to City requests
- Increase opportunities for local businesses to host mixers
- Evaluate interests more of the businesses and retain appropriate speakers

Therefore, she requested the City fund an additional amount of \$2,000 for a total of \$20,000.

COUNCILMAN ZERUNYAN noted that he was pleased with Ms. Finer's appointment to the Chamber and inquired as to how many merchants are in each jurisdiction. Ms. Finer responded that they currently have a total of 400 memberships. He strongly urged the Chamber to increase their memberships as well as events and volunteered to serve if needed.

Ms. Finer noted that it would be helpful to receive the City's business license listing. City Manager Prichard stated this project is currently in progress.

MAYOR ADDLEMAN noted that improving local businesses will result in increasing sales tax.

John Pagliano, Park and Activities Commission, inquired as to the City-owned property being rented on Palos Verdes Drive North and Palos Verdes Drive East. He noted his understanding that this building would continue to be leased and inquired as to why the COUNCIL decided to dissolve this arrangement since the City could have received an additional \$36,000 over the next three years. He then stated that is why the Park and Activities Commission recommended this action.

COUNCILWOMAN MITCHELL explained the COUNCIL'S concerns because this site is zoned for open space and the present use is not allowed under that zoning.

COUNCILWOMAN SEAMANS noted that a landscaping company was retained to redesign this corner.

MAYOR PRO TEM ZUCKERMAN noted that the COUNCIL made a commitment to the community to retain this site as open space even though the City could use the money.

ITEMS FOR DISCUSSION

REVIEW OF PROPOSED FISCAL YEAR 2005-06 AND 2006-07 BUDGET

City Manager Prichard provided a brief report noting that the proposed budget is essentially the same as last year in terms of existing programs being provided and was pleased to present a modified zero-based budget. He noted that a prioritized "add back" list once again has been provided for COUNCIL consideration to assist in determining if any or all items should be included in the next fiscal year budget. He then noted that generally there are adequate funds to fund all items on the add back list.

Interim Finance Director Whitehead commented that he was pleased to participate in coordinating this "active" budget which includes many positive changes.

MAYOR ADDLEMAN suggested contacting Rick Auerbach, Los Angeles County Assessor, to speak at a future COUNCIL meeting.

It was the consensus of the COUNCIL to follow this recommendation.

City Manager Prichard explained the increase to the PERS employer contribution rate and was pleased to note that this was anticipated with the creation of a PERS Stabilization Fund. He noted that, although the budget as proposed does not require utilization of this reserve, the COUNCIL may wish to fund the increased PERS rate from the established reserve and free up the general fund for other programs.

In response to MAYOR ADDLEMAN, Interim Finance Director Whitehead explained a few of the auditor's recommendations; one being elimination of the internal service funds.

After brief discussion, COUNCILWOMAN SEAMANS moved, seconded by MAYOR ADDLEMAN

TO ELIMINATE THE INTERNAL SERVICE FUNDS FOR FUTURE BUDGETS.

THERE BEING NO OBJECTION, MAYOR ADDLEMAN SO ORDERED.

Interim Finance Director Whitehead then reviewed the LAIF accounts and noted that he also made changes to simplify the management and reporting process for the LAIF accounts.

MAYOR ADDLEMAN inquired as to when the City will receive its first report from Waste Management on the diversion rate.

It was the consensus of the COUNCIL to footnote the business licenses/building permits in the budget document for clarification. Interim Finance Director Whitehead stated he would eliminate this line item and combine it with the other county permits revenue line item for FY 2005-06.

COUNCILMAN ZERUNYAN inquired as to how the building fees were estimated. Planning Director Wahba noted that they are conservatively based on upcoming projects.

Interim Finance Director Whitehead distributed a graph for COUNCIL review. COUNCILWOMAN SEAMANS suggested incorporating an appendix for those pages of exhibits in the back of the budget.

Interim Finance Director Whitehead noted that next year the ERAF fund raids by the State will be discontinued and the City will receive an additional \$109,000.

MAYOR PRO TEM ZUCKERMAN referred to the public safety costs, questioning if the City is overpaying its per capita share. City Manager Prichard explained the process.

Brief discussion ensued regarding Sheriff's costs for personnel and/or contractual costs and if this should be included.

Discussion continued regarding personnel benefits. COUNCILWOMAN MITCHELL suggested withholding a decision on the 401 and 410 accounts until additional information is obtained.

COUNCILWOMAN SEAMANS referred to the Chamber of Commerce's request for an additional \$2,000.

MAYOR PRO TEM ZUCKERMAN suggested they provide funding on a "matching" basis. He believed that residents are not realizing the benefit from the Chamber and would not be in favor of increasing the amount.

COUNCILMAN ZERUNYAN concurred and stated that, although he is encouraged by the new management of the Chamber, no other city on the hill participates in this organization. He strongly suggested they vigorously recruit new members as there may not be much of an incentive for merchants to join when the City is already paying \$18,000. He noted that he would consider the increase depending on their performance.

Brief discussion ensued with respect to service organizations requesting donations and the question of the public receiving the benefit from a program or service that the City does not provide.

COUNCILMAN ZERUNYAN questioned if contributing to those organizations is good City policy as it could be perceived as a gift of public funds. City Manager Prichard indicated that the City's procedures are consistent with State law.

MAYOR PRO TEM ZUCKERMAN noted his concern that residents are subsidizing those individuals who do not live in the City as this would not seem to be fair.

Interim Finance Director Whitehead suggested bringing in MBIA to evaluate the Chamber's performance and once this is received, tie the amount of funding to their performance.

COUNCILMAN ZERUNYAN noted that he would approve the current \$18,000 allocation because of the changeover of leadership, but reevaluate this item after MBIA submits their report. Additionally, he suggested that the Economic Development Committee meet with the Chamber and interact with the merchants and COUNCIL.

MAYOR PRO TEM ZUCKERMAN noted that if there was a merchants' association, they could sponsor events for fundraising for the Chamber.

COUNCILWOMAN SEAMANS noted that economic development has been inactive over the last five years and encouraged reinstating this program.

MAYOR PRO TEM ZUCKERMAN noted his concern about economic development as the City has already attempted to create a merchant's association to no avail.

MAYOR ADDLEMAN concurred adding that major improvements were made to assist the merchants and questioned what the City received for its \$18,000 contribution.

Interim Finance Director Whitehead noted that MBIA could provide an overall evaluation with suggestions to correct any deficiencies the Chamber may have. He noted that the Chamber should motivate merchants and bring them together. Additionally, he noted that the Street Fair was a concern to local merchants and suggested a possible event like "A Taste of the Hill" might generate funds for the Chamber.

COUNCILMAN ZERUNYAN noted that the Chamber should collect at least another 100 memberships.

COUNCILWOMAN MITCHELL recommended waiting until these figures are received prior to considering any reductions the City may wish to make and move toward to what the COUNCIL wants to see happening in the commercial district.

COUNCILWOMAN SEAMANS, noting that the Chamber is heavily dependent on the City, suggested giving them a chance as they are under new management, particularly with their impending 50th anniversary.

Discussion continued with COUNCILMAN ZERUNYAN suggesting that \$10,000 be given now, and when the Chamber submits data showing an increase in memberships of up to 50% (or \$2,000), bring back this information after six months and issue the remaining amount of \$10,000 for a total of \$20,000.

It was the consensus of the COUNCIL to follow this approach.

City Manager Prichard concurred with the MBIA assisting with the Chamber evaluation and then enter into a new agreement designating \$20,000.

COUNCILWOMAN SEAMANS noted that the Chamber does not only have Rolling Hills Estates merchants, but the entire South Bay and that they need to be given the business license data.

COUNCILMAN ZERUNYAN suggested informing all service organizations that, if they engage in fundraising activities, the City could then justify the expenditure to the taxpayers.

COUNCILWOMAN SEAMANS noted that the Cities of Palos Verdes Estates and Rolling Hills do not participate in contributions to any organizations.

COUNCILWOMAN MITCHELL moved, seconded by COUNCILWOMAN SEAMANS

TO FUND ALL REQUESTED GRANTS IN THE AMOUNT OF \$12,000.

AYES: Addleman, Mitchell, Seamans, Zuckerman

NOES: Zerunyan

Brief discussion ensued regarding funding the Holiday Parade and the Student and the Law classes. MAYOR PRO TEM ZUCKERMAN recommended the City reviewing the Holiday Parade as part of its community events program every year.

It was the consensus of the COUNCIL to fund the Student and the Law classes.

It also was the consensus of the COUNCIL to eliminate the \$20,000 allocation for the Chandler Park arena as the survey results received were not in favor of construction.

COUNCILWOMAN SEAMANS moved, seconded by MAYOR PRO TEM ZUCKERMAN

TO BRING BACK THE CHANGES TO THE FISCAL YEARS 2005-06 AND 2006-07 BUDGET FOR PUBLIC HEARING.

AYES: Addleman, Mitchell, Seamans, Zerunyan, Zuckerman

CLOSED SESSION

DISCUSSION WITH RESPECT TO PERSONNEL MATTERS – EMPLOYEE ASSOCIATION

(Pursuant to Government Code Section 54957)

DEFERRED DISCUSSION UNTIL AFTER THE ORGANIZATIONAL ANALYSIS AND SALARY SURVEY REPORT IS SUBMITTED BY MANAGEMENT PARTNERS, INC.

ADJOURNMENT

At 7:40 p.m., MAYOR ADDLEMAN formally adjourned the City Council meeting to Tuesday, June 20, 2005 at 9:00 a.m.

Submitted by,

Approved by,

Hope J. Nolan
Deputy City Clerk

Douglas R. Prichard
City Manager