

MINUTES
HUNTINGTON PARK CITY COUNCIL
A Special Meeting held in the City Council Chambers
6550 Miles Avenue, Huntington Park, California
Monday, August 26, 2014 at 6:00 p.m.

CALL TO ORDER

Mayor Perez called the meeting to order at 6:09 p.m.

FLAG SALUTE

The Pledge of Allegiance to the Flag was led by Council Member Amezcuita.

ROLL CALL

Present: Mayor Rosa E. Perez
Vice Mayor Karina Macias
Council Member Ofelia Hernandez
Council Member Valentin Palos Amezcuita

Absent: Council Member Mario Gomez

PUBLIC COMMENTS

Rodolfo Cruz stated special meetings are important and all Council Members should attend. He inquired as to why Council Member Gomez was not present and noted his absence at other special meetings.

Mayor Perez called for additional public comments, and hearing none, declared Public Comments closed.

REGULAR AGENDA

OFFICE OF THE CITY CLERK

1. Approve the Amendment to the Agreement with Carl Warren & Company for Third Party Administration of General Liability Claims

Interim City Manager Morales reported Carl Warren & Company has served the City as third party administrator of general liability claims for the past several years explaining the process stating that the third party administrator also helps manage the litigation process and the valid of the claim. Mr. Morales added that the City belongs to the Independent Cities Risk Management Authority (ICRMA) which has limited the number of third party administrators to two, one of which is Carl Warren & Company. Mr. Morales added that ICRMA has requested that cities renew contracts under a proposed fee structure as negotiated by ICRMA, and concluded in support of staff's recommendation.

Motion by Council Member Hernandez, to approve the amendment to the agreement with Carl Warren & Company for third party administration of general liability claims; and authorize the Interim City Manager to execute the agreement, seconded by Council Member Amezcuita. Motion carried 5 to 0 by the following vote.

ROLL CALL:

AYES: Council Member(s): Amezcuita, Gomez, Hernandez, Vice Mayor Macias,
and Mayor Perez
NOES: Council Member(s): None
ABSENT: Council Member(s): None

REGULAR AGENDA - FINANCE DEPARTMENT (continued)

2. Approve and Adopt the Proposed Continuation of Fiscal Year 2014-2015 General Fund Budget through October 20, 2014

Interim City Manager Morales reported the end of the Legislation Session is this Sunday (August 31), that the City has been waiting for settlement of a lawsuit regarding the City's pension tax issue and pending legislative action as well as other issues, e.g. succession issues, Council decision on the trash hauling contract, Golden Handshake offer, and adjustments to the budget were pending.

Budget books of the FY 2014-2015 General Fund Budget were distributed and Annie Ruiz, Acting Director of Finance, presented a PowerPoint. Ms. Ruiz reviewed the FY 2013-14 Year End Results, which included Revenues and Expenses reporting that currently the actual deficit was \$1.4 million, better than the projected deficit amount of \$3.2 million. Ms. Ruiz stated the lower amount was attributed to increased revenues of property and sales taxes, in addition to two unfilled motorcycle police positions and a one-time RDA allocation of \$1 million from the County. Ms. Ruiz added that the City does not anticipate receiving these funds in the near future.

Mr. Morales explained that the City had a structural deficit of \$3.2 million at the start of the year and did not have as large a deficit by the end of the year as expected – “only 1½ million in the hole,” up \$1.8 million from the projected deficit.

Jan Mezyck, City consultant, presented a PowerPoint presentation of the FY 2014-15 General Fund Budget reviewing the adjustments to Revenues (reduction of \$600,000) and Expenditures totaling \$26.8 million.

Mr. Morales discussed the FY 14-15 Expense Adjustments which included increases in salaries (through step increases), CalPERS costs and medical costs, as well as decreases in PARS and Vision. Mr. Morales explained the increase of the Cell Phone Allowance and stated that it is a one or two percent component of the cost increase, and briefly discussed details of the employee Cell Phone Allowance provided by the City.

Council Member Amezcua shared information regarding employee medical packages offered by other government agencies and suggested that staff look into cost-reducing options for medical care benefits.

Mr. Morales stated as a subscriber to CalPERS, it could be difficult for the City to participate in a “hybrid” medical benefits plan, but that it is something the City can explore.

Jan Mezyck continued her review and stated that the Proposed FY 14-15 Expenditures of \$26.8 were the same as in FY13-14.

Mr. Morales stated that expenditure cuts are made and other costs increased, leaving the ending expenditure amounts unchanged. Mr. Morales further stated the City spends more money than it takes in leaving the budget out of balance.

Ms. Mezyck reviewed the Historical & Projected Fund Balance, noting this was the most important chart in the presentation. Ms. Mezyck discussed the Fund Balances and stated that the fund balance for FY13-14 ended in \$10 million which includes a reserve of \$3.2 million reserved for arbitrage/rebate liability.

Mr. Morales explained the City's cash flow fiscal timeline as well as the rebate liability associated with the Southland Steel property sale.

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Mr. Morales reviewed the Future Outlook and provided details of the pending pension plan issue. Mr. Morales discussed revenue-raising alternatives, including contemplating sales tax increases and re-establishing a casino operation. Mr. Morales stated it is expected that City services and programs will be reduced due to the City's financial state

REGULAR AGENDA - FINANCE DEPARTMENT ITEM 2 (continued)

and that perhaps with the revitalization of Pacific Boulevard, sales tax revenues will increase; however, it will take time for the City to have (financial) "successes." He reviewed detailed salary fund allocation and benefits, and recommended the approval of the Budget as presented.

Council Member Amezcuita commended Mr. Morales and staff for their work in preparing the budget.

Motion by Council Member Hernandez, to adopt Resolution No. 2014-29, adopting the FY 2014-2015 General Fund Budget, seconded by Vice Mayor Macias. Motion carried 4 to 0 by the following vote.

ROLL CALL:

AYES: Council Member(s): Amezcuita, Hernandez, Vice Mayor Macias,
and Mayor Perez
NOES: Council Member(s): None
ABSENT: Council Member(s): Gomez

Mayor Perez directed staff to post the approved budget on the City's website.

PUBLIC WORKS DEPARTMENT

3. Discussion Regarding Additional Performance Bond for United Pacific Waste Contract

Interim City Manager Morales reported he received a request that if Council wanted to obtain additional insurance to UPW contract.

Council Member Amezcuita explained the suggested increase in the \$500,000 performance bond of an additional \$200,000 for two years, known as "initial surety."

Mr. Morales provided more detail of the proposed insurance increase and added that the City would pay \$5,000 to \$10,000 thousand per year for an additional \$300,000, giving the City more protection, at the City's expense.

After further discussion, Mayor Perez directed staff to provide information on additional insurance costs to the City. Mr. Morales stated that more information would be provided at the Council meeting of September 15, 2014.

Council Member Amezcuita reported he reviewed the amended contract with UPW and found that it was a better contract. Mr. Amezcuita stated the added language to the contract provides more protection to the City.

CITY MANAGER'S AGENDA

Interim City Manager Morales stated that a request for Council discussion/action on transportation funding was inadvertently omitted from the agenda and that he would present the item to the Council on September 15 for formal recommendation. He reviewed details of cost shifting of sales tax measure revenues – Prop A and C and the State Gasoline Tax explaining allocations are population-based and concurred with Council Member Hernandez regarding the importance of accurate population reporting in the census process. Mr. Morales discussed AQMD, Measure R, and grant funding as

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well as

costs associated with vehicle replacement, parking street signs, traffic control, the parklet program, and camera placement in the City's "active" parking lots.

REGULAR AGENDA - CITY MANAGER'S AGENDA (continued)

Council Member Amezquita recommended that the City conduct town hall meetings to communicate and receive feedback from the community.

Mayor Perez stated that the Council needs to discuss options to the City's parking issue and requested that this item be placed on the next Council agenda.

Council Member Hernandez requested 1) update on public parking and 2) information on Casa Bonita (Rugby/Zoe) public parking.

4. Discussion and/or Action that the City Council Meeting Scheduled for Tuesday, September 2, 2014 go Dark, and Authorize the Acting Finance Director to Issue Accounts Payable and Payroll Warrants During this Dark Period.

Motion by Council Member Hernandez for the City Council meeting scheduled for Tuesday, September 2, 2014 go dark, and authorize the Acting Finance Director to issue accounts payable and payroll warrants during this dark period, seconded by Vice Mayor Macias. Motion carried 4 to 0.

COUNCIL COMMUNICATIONS

Mayor Perez directed staff to remove the September 2nd Council meeting posting from the City's website.

ADJOURNMENT

There being no further business to come before the Huntington Park City Council, Mayor Perez adjourned the meeting at 7:20 p.m. to the next Regular Huntington Park City Council Meeting, Monday, September 15, 2014 at 6:00 p.m.

APPROVED:

Rosa E. Perez, Mayor

ATTEST:

Yesenia Gomez, Acting Jr. Deputy City Clerk