

**SPECIAL MEETING OF THE CITY COUNCIL
CITY OF COSTA MESA**

April 14, 2009

The City Council meeting of the City of Costa Mesa, California met for a Special Meeting April 14, 2009, at 6:00 p.m., in the Council Chambers of City Hall, 77 Fair Drive, Costa Mesa. The meeting was called to order by the Mayor.

PLEDGE OF ALLEGIANCE - Mayor Allan R. Mansoor

ROLL CALL

Council Members Present: Mayor Allan R. Mansoor
Mayor Pro Tem Wendy Leece
Council Member Katrina Foley
Council Member Gary Monahan

Council Members Absent: Council Member Eric R. Bever

Officials Present: City Manager Allan Roeder
Assistant City Manager Thomas Hatch
City Attorney Kimberly Hall Barlow
Development Services Director Donald Lamm
Director of Finance Marc Puckett
Public Services Director Peter Naghavi
Fire Chief Mike Morgan
Police Chief Christopher Shawkey
Recreation Manager Jana Ransom
Fire Protection Analyst Susan Guzetta
EMS Coordinator Larry Grihalva
Human Resources Administrator Lance Nakamoto
City Clerk Julie Folcik

I. PUBLIC COMMENTS

There were no public comments.

II. NEW BUSINESS

1. Fiscal Year 2009-2010:

a. Consideration of Fiscal Year 2009-2010 Budget Development Strategies

City Manager Allan Roeder introduced the item and explained that due to the economic down-turn and in preparation **SS**

of the Fiscal Year (FY) 2009-2010 Budget that the proposed management budget development strategies were being presented.

Director of Finance Marc Puckett presented an overview of revenue and expenditures for Fiscal Year 2007-2008, noting the growth in expenditures for salary and benefits and maintenance and operation costs have far exceeded revenues. He gave a report of revenue and expenditures for the fiscal year-to-date; made projections for the year-end and presented an overview of the program and service impacts due to the budget reductions. He projected that the use of fund balance in the current fiscal year to escalate to \$15 Million dollars and projected additional monies from the Emergency Operating Reserve would need to be used for the budget for FY-2009-10.

City Manager Allan Roeder presented an overview of the ten elements of the Budget Development Strategies, as prepared by the Financial Solutions Committee a steering committee that provided short-term, mid-term and long-term solution suggestions which included the additional reduction of programs and services, suggestions in the increase in local revenues, the reduction of the cost of operations, and the utilization of fund balance (restricted and non-restricted). He emphasized the need a combination of solutions to offset the current shortfall; reported on the efforts that had been undertaken thus far including a five percent reduction of operating expenses, reduction in personnel, reassignment of duties and the elimination of programs as well as indicated their impacts. He responded to questions from the Council regarding utilization of fund balance, salary freezes and reductions, operational cost reductions and impacts, Public Employee Retirement System (PERS) projections, and noted that the time frame in which to consider actions would be during budget deliberations for the next fiscal year.

Council Member Foley commented that her goal was not to eliminate any jobs and felt that more reductions in operating costs should be the focus.

Mayor Mansoor suggested the elimination of the contribution to the state League of California cities and to only contribute to the local league.

b. Fire Prevention Fees

1. Approve adoption of the following annual Fire Prevention fees:

1. Re-inspection fee.
 2. Late filing of Hazardous Material Disclosure fee.
 3. Failure to Cancel Scheduled Inspection fee.
 4. Apartment Inspection fee.
 5. Fire and Life Safety - fire company business inspection fee.
2. Approve an increase in the existing Sprinkler Inspection Fee and determine if new and increased fees should be based upon:
1. Average of cities in Orange County, or
 2. 100% cost recovery, or
 3. Other specified percentage of cost recovery.

Fire Chief Mike Morgan, presented the staff report providing an overview of various inspection services and associated fees and noted that Costa Mesa had the lowest cost recovery and inspection fees in Orange County. He along with Fire Protection Analyst Susan Guzetta responded to questions regarding inspection of commercial buildings, residential buildings, motels, high rise inspections, and the formula for calculating building inspection fees.

c. Emergency Medical Services (EMS) Billing Modification

Fire Chief Mike Morgan presented the staff report and noted that currently only non-residents are billed for EMS fees. He along with the City Manager responded to questions regarding a subscription program, insurance reimbursement and cost recovery for services.

Council Member Foley expressed her concern regarding the residents who are in need of the paramedics and perhaps do not have insurance and felt that there should be a subscription component included in the program.

d. Costa Mesa Fire Department Cost recovery program for motor vehicle incidents.

Fire Chief Mike Morgan presented the staff report regarding the costs associated when responding to a motor vehicle accident.

e. Notification of Employee Associations of Pending Issuance of

Layoff Notices

The City Manager noted for the Council, that if approved, of the City's responsibility to notify the employee labor unions in writing regarding the intent of layoffs and to negotiate the impacts of those layoffs.

The City Manager, Director of Finance Marc Puckett and Budget and Research Office Bobby Young responded to questions from the Council regarding the proposed reduction in operating expenses, executive leave, skill pay and meet and confer timelines, contracted employees, equipment and vehicle replacement.

The Mayor recessed the meeting at 8:35 p.m.

The Mayor reconvened the meeting at 8:48 p.m.

David Kinkade, Costa Mesa, acknowledged and complimented the employees of the City, appreciated the approach in addressing the budget issues and noted that in his view the role of city government was that of the protection of the people and their property and to provide infrastructure.

Jeff Jensen, firefighter, commented that while the strategies may help it would take longer than a year to correct. He reminded the Council that the economic down-turn has effected the residents and employees and their families and felt that there are opportunities for increasing revenue that the Council should consider.

Rob Gagne, Costa Mesa Firefighters Association Vice President, felt that the "refusal" to raise revenues was part of the problem. He shared his experience of being laid off in 1992, and noted the maintaining of personnel levels over the years at the Fire Department despite the increase in service calls.

Cindy Brenneman, Costa Mesa, commented that the CERT program was an important program to maintain. She suggested making some short-term sacrifices with out losing jobs or community service programs and to increase revenues to help with the budget shortfall.

John Feeney, Costa Mesa, suggested eliminating those programs that are not a function of government.

Beth Refakes, Costa Mesa, felt that the reduction of salaries and benefits was needed to realize savings and spoke in opposition to the raising of taxes as it adversely affect the senior citizens who

are on a fixed income.

Mayor Mansoor in addressing a public speakers' comments noted that the City has honored the labor contracts; invited all suggestions but commented that it was apparent that there was no-one solution to the budget shortfall that the city was facing.

The Mayor confirmed with the City Attorney that the proposed reduction in the Council salaries would need to be addressed at the following meeting as scheduled and while it would not take effect until the next election; pay could be reduced before then on a voluntary basis.

The City Manager and Human Resource Administrator Lance Nakamoto explained for Mayor Pro Tem Leece the optional and a multi-step process of the PERS Early Retirement Incentive Program that is offered to employees close to or are eligible for retirement.

MOTION: Adopt implementation of the following management budget development strategies for the Fiscal Year 2009-2010 Operating and Capital Improvement budget:

1. Reduce department operating budgets by an additional 5.0% (resulting in an average reduction of 10% from the prior fiscal year which will require elimination of approximately 23 full-time positions). Est. \$6,318,134.
2. Negotiated reduction in employee compensation equating to approximately 5.0% of salary. Est. \$3,623,663.
3. Reduction of \$1 million dollars in non-reimbursable overtime for Police and Fire departments. Est. \$1,000,000.
4. Negotiated suspension of minimum manning requirements in the Fire department in order to accomplish the aforementioned reduction in overtime.
5. Seek Federal Stimulus funding for ten police officer positions to be eliminated due to Police department budget reductions. Est. 1,052,010.
6. Offer PERS Retirement Incentive to create vacancies to (a) reduce the number of personnel that may be laid off as a result of reductions in departmental operating budgets and (b) create additional vacancies needed for budgetary purposes (assumes total of 50 employees opting to retire of which 25 positions would be eliminated). Est. \$3,485,000.
7. Suspension or termination of the Retiree Health Savings Plan (Contributions are comprised of 1% by Employer and 1% by Employee). Est. \$508,764.
8. Implement various cost recovery programs including resident EMS fees, inspection fees, and Police and Fire Cost Reimbursement Fees. Est. \$959,700.
9. Renegotiate/extend the Golf Course Operator's agreement

for a greater share of revenues and institute formula adjustments to the greens fees. Est. \$244,850.

10. Utilization of undesignated unreserved General Fund fund balance. Est. \$2,900,000.

Moved by Allan R. Mansoor, seconded by Council Member Monhan.

SUBSTITUTE MOTION: To approve the following order of strategies:

1. To approve offering the PERS Early Retirement Incentive Program,
2. Simultaneously seek the federal stimulus funding;
3. Renegotiate the golf course agreement;
4. Reduce overtime for all departments by \$1 million dollars;
5. Suspend the Retiree Health Savings Plan;
6. Implement the various cost recovery programs including the EMS fees, addressing those concerns of the council;

Depending on the savings from those accepting the PERS Early Retirement Incentive Program, then implement:

7. Reducing department operating budgets by an additional 7-10 percent;
8. Utilize \$5 - \$7 Million dollars of fund balance;
9. Renegotiate a reduction in employee compensation, if needed.

Moved by Council Member Katrina Foley. Motion died for lack of second.

Mayor Pro Tem Leece expressed her concern as to where the additional 7-10 percent in operational costs would come from. Council Member Foley explained that it would be up to the departments to identify those items or programs to be eliminated. She further commented that the reason she could not support the original motion was because it would eliminate 22 positions and her motion was focused on reducing operating expenses with no loss of personnel.

Council Member Monahan noted his support of the original motion because it was a starting point, with the expectation that additional items would be proposed or renegotiated.

Council Member Foley felt that the ten point solution was a short term solution and commented that she would rather utilize additional fund balance than layoff 22 personnel and further explained her suggestion of a phased approach and to "see" the cost savings from those taking advantage of the retirement incentive program before eliminating positions.

Mayor Mansoor and Council Member Monahan encouraged the identifying of the \$3 million dollars needed to save positions

although expressed reservation as to where additional operational cuts could be made. Council Member Foley reiterated her strategy to first find out what cost savings will be generated with the retirement of those taking advantage of the early retirement incentive. She felt that the solution is a multi-pronged approach and felt that the problem could not be solved in the long-term without a revenue generating component.

MOTION: Adopted implementation of the following management budget development strategies for the Fiscal Year 2009-2010 Operating and Capital Improvement budget:

- 1. Reduce department operating budgets by an additional 5.0% (resulting in an average reduction of 10% from the prior fiscal year which will require elimination of approximately 23 full-time positions). Est. \$6,318,134.**
- 2. Negotiated reduction in employee compensation equating to approximately 5.0% of salary. Est. \$3,623,663.**
- 3. Reduction of \$1 million dollars in non-reimbursable overtime for Police and Fire departments. Est. \$1,000,000.**
- 4. Negotiated suspension of minimum manning requirements in the Fire department in order to accomplish the aforementioned reduction in overtime.**
- 5. Seek Federal Stimulus funding for ten police officer positions to be eliminated due to Police department budget reductions. Est. 1,052,010.**
- 6. Offer PERS Retirement Incentive to create vacancies to (a) reduce the number of personnel that may be laid off as a result of reductions in departmental operating budgets and (b) create additional vacancies needed for budgetary purposes (assumes total of 50 employees opting to retire of which 25 positions would be eliminated). Est. \$3,485,000.**
- 7. Suspension or termination of the Retiree Health Savings Plan (Contributions are comprised of 1% by Employer and 1% by Employee). Est. \$508,764.**
- 8. Implement various cost recovery programs including resident EMS fees, inspection fees, and Police and Fire Cost Reimbursement Fees. Est. \$959,700.**
- 9. Renegotiate/extend the Golf Course Operator's agreement for a greater share of revenues and institute formula adjustments to the greens fees. Est. \$244,850.**
- 10. Utilization of undesignated unreserved General Fund balance. Est. \$2,900,000.**

Moved by Mayor Allan R. Mansoor, seconded by Council Member Gary Monahan.

The motion carried by the following roll call vote:

Ayes: Mayor Allan R. Mansoor, Mayor Pro Tem Wendy Leece,
Council Member Gary Monahan
Noes: Council Member Katrina Foley
Absent: Council Member Eric R. Bever

Mayor Mansoor expressed support of the recommendations for 1 (b) and of the 100 percent cost-recovery for services, however expressed concern regarding the Apartment Inspection Fees. Council Member Monahan requested that motels and hotels be added into the inspection fee process.

MOTION:

Approve bringing forth for consideration the following annual Fire Prevention fees:

1. **Re-inspection fee;**
 2. **Late filing of Hazardous Material Disclosure fee;**
 3. **Failure to Cancel Scheduled Inspection fee;**
 4. **Apartment Inspection fee;**
 5. **Fire and Life Safety - fire company business inspection fee; and**
2. **Approve an increase in the existing Sprinkler Inspection Fee and to consider either the average for cities in Orange County or a 100 percent cost recovery in new and increased fees.**

Moved by Mayor Allan R. Mansoor, seconded by Council Member Gary Monahan.

The motion carried by the following roll call vote:

Ayes: Mayor Allan R. Mansoor, Mayor Pro Tem Wendy Leece,
Council Member Katrina Foley, Council Member Gary
Monahan
Noes: None.
Absent: Council Member Eric R. Bever

MOTION: Authorized modification of the current billing system for the use of Fire Department Emergency Medical Services (EMS).

Moved by Mayor Allan R. Mansoor, seconded by Council Member Gary Monahan.

Mayor Pro Tem Leece requested consideration of a hardship

provision relative to the seniors.

Council Member Foley requested that the implementation of the subscription fee be included in the process.

The motion carried by the following roll call vote:

Ayes: Mayor Allan R. Mansoor, Mayor Pro Tem Wendy Leece,
Council Member Katrina Foley, Council Member Gary
Monahan

Noes: None.

Absent: Council Member Eric R. Bever

MOTION: Approve the implementation of a Fire Department cost recovery program.

Moved by Mayor Allan R. Mansoor, seconded by Council Member Katrina Foley.

The motion carried by the following roll call vote:

Ayes: Mayor Allan R. Mansoor, Mayor Pro Tem Wendy Leece,
Council Member Katrina Foley, Council Member Gary
Monahan

Noes: None.

Absent: Council Member Eric R. Bever

MOTION: Direct management to formally notify employee associations of management's action and pending issuance of layoff notices

Moved by Mayor Allan R. Mansoor, seconded by Council Member Gary Monahan.

The motion carried by the following roll call vote:

Ayes: Mayor Allan R. Mansoor, Mayor Pro Tem Wendy Leece,
Council Member Gary Monahan

Noes: Council Member Katrina Foley

Absent: Council Member Eric R. Bever

Council Member Monahan requested the following items be brought back for discussion:

1. Waiver of Access to Accrued Leave Time.
2. Cost recovery of police costs in fraud cases.
3. Leasing Parking Lot to OC Fairgrounds during City Hall Non-operating hours.
4. Renovate versus replace City vehicles.
5. Closing City Hall between Christmas and New Years Day.

Council Member Monahan noted that Council approval was necessary for some of the recommendations and commented that the request of the items was to see if the unions are interested

in meet and confer about the recommendations.

MOTION: Direct staff to include in labor union negotiations discussion on the DROP Program for contract retired employees (Recommendation No. 12 of the Financial Solutions Subcommittee - High Priority).

Moved by Council Member Gary Monahan, seconded by Mayor Allan R. Mansoor.

The motion carried by the following roll call vote:

Ayes: Mayor Allan R. Mansoor, Mayor Pro Tem Wendy Leece,
Council Member Katrina Foley, Council Member Gary
Monahan

Noes: None.

Absent: Council Member Eric R. Bever

MOTION: Review contracting services to and from other cities (Recommendation No. 4 of the Financial Solutions Subcommittee - Low Priority).

Moved by Council Member Gary Monahan, seconded by Council Member Katrina Foley.

The motion carried by the following roll call vote:

Ayes: Mayor Allan R. Mansoor, Mayor Pro Tem Wendy Leece,
Council Member Katrina Foley, Council Member Gary
Monahan

Noes: None.

Absent: Council Member Eric R. Bever

MOTION: Discontinue paying dues to the State League of California Cities and to pay only the Orange County division of the League of California Cities.

Moved by Mayor Allan R. Mansoor. Motion died for lack of second.

MOTION: Direct not to fund the Residential Rehabilitation Incentive Program (RRIP) or the Green Program.

Moved by Mayor Allan R. Mansoor, seconded by Council Member Katrina Foley.

The motion carried by the following roll call vote:

Ayes: Mayor Allan R. Mansoor, Mayor Pro Tem Wendy Leece,
Council Member Katrina Foley, Council Member Gary
Monahan

Noes: None.

Absent: Council Member Eric R. Bever

The Mayor requested information to discontinue paying dues to the State League of California Cities and to pay only the Orange County division of the League of California Cities be brought back

for consideration.

Council Member Monahan expressed interest in discussing with the labor unions the topic regarding employee PERS contribution. Mayor Mansoor requested the re-examination of bilingual pay policy be included for review.

**MOTION: Direct Staff to include in labor union negotiations discussion regarding an increase in employee PERS contribution - (Recommendation No. 9-Council Submittals) and to re-examine bilingual pay policy (Recommendation No. 2 -Financial Subcommittee Solution) .
Moved by Council Member Gary Monahan, seconded by Mayor Allan R. Mansoor.**

The motion carried by the following roll call vote:

Ayes: Mayor Allan R. Mansoor, Mayor Pro Tem Wendy Leece,
Council Member Gary Monahan

Noes: Council Member Katrina Foley

Absent: Council Member Eric R. Bever

Mayor Pro Tem Leece requested information to look cost recovery for the use of city facilities.

Council Member Foley noted that Costa Mesa has the lowest TOT tax in the County and a modest increase in the tax would generate money for the city but would not be a substantial increase to those utilizing the hotels.

MOTION: Consider increasing the Transient Occupancy Tax (TOT) and placing on the ballot.

Moved by Council Member Katrina Foley. Motion died for lack of second.

Council Member Foley expressed disappointment as she felt that a long-term solution was necessary and because of the employees being asked to take pay-cuts or that are being laid-off. As requested the City Attorney explained the public initiated initiative process. Council Member Foley requested that it be placed on a future agenda for consideration.

In addition the Council Member requested more information on the following items:

1. Restructuring the business license fee which would include a survey of different cities;
2. To direct staff to review sick-leave pay out or excess sick-leave put into secondary bank versus payoff (Financial Solutions Subcommittee Recommendation No. 1 - Long Term);
3. Review of Contract Services for unincorporated areas

- (Financial Solutions Subcommittee Recommendation No. 7 - Long Term);
4. Review of cell tower leases on city owned property (Financial Solutions Subcommittee Recommendation No. 2 - Low Priority);
 5. To review corporate sponsorship of public facilities (Financial Solutions Subcommittee Recommendation No. 3 - Low Priority) and to bring back a policy regarding corporate sponsorship of such things as concerts in the park and *Recreation in Review*;
 6. To review the revenue generated by the bus shelter advertising panels (ad-shelters).
 7. To consider contracting services to and from other cities (Financial Solutions Subcommittee Recommendation No. 5 - Long Term);
 8. To consider contracting police services to and from other cities (Financial Solutions Subcommittee Recommendation No. 6 - Long Term);
 9. Close City Hall between Christmas and New Years -(Council submittal recommendation); and
 10. Request information regarding a "pay-to-stay a jail" program.

MOTION: To bring back for discussion the Utility Users Tax (UUT) as it relates to industrial and commercial only.

Moved by Council Member Katrina Foley. Motion died for lack of second.

MOTION: Authorize staff to lease out parking lot of city hall and for Tewinkle Park (along Arlington Drive) during non-business hours.

Moved by Council Member Katrina Foley, seconded by Council Member Gary Monahan.

The motion carried by the following roll call vote:

Ayes: Mayor Allan R. Mansoor, Mayor Pro Tem Wendy Leece, Council Member Katrina Foley, Council Member Gary Monahan

Noes: None.

Absent: Council Member Eric R. Bever

The City Manager responded to questions from the Council regarding the policy of for attending of conferences and seminars; the elimination of the floating holidays per year; economic strategies.

Mayor Pro Tem Leece requested that staff look at the placing of advertisements on the city's website.

Recreation Manager Jana Ransom responded to questions from the Council regarding the youth and family programs that have been eliminated and the noticing for the proposed seasonal closing

of the community pool.

Mayor Pro Tem Leece expressed the importance of emergency preparedness and of the interest to maintain the CERT program.

The Mayor recessed the meeting at 10:33 p.m.

III. RECESS THE REGULAR CITY COUNCIL MEETING TO THE MEETING OF THE REDEVELOPMENT AGENCY (RDA)

Agency Chair Katrina Foley convened the regular meeting of the Redevelopment Agency Meeting at 10:35 p.m.

ROLL CALL

Council Members Present: Agency Chair Katrina Foley
Agency Vice Chair Wendy Leece
Agency Member Allan R. Mansoor
Agency Member Gary Monahan

Council Members Absent: Agency Member Eric R. Bever

Officials Present: City Manager Allan Roeder
Assistant City Manager Thomas Hatch
Agency Attorney Kimberly Hall Barlow
Executive Director Donald Lamm
Assistant Secretary Julie Folcik

1. Regular Redevelopment Agency meeting minutes of January 13, 2009.

MOTION: Approved the meeting minutes of January 13, 2009. Moved by Agency Member Allan R. Mansoor, seconded by Vice Chair Wendy Leece.

The motion carried by the following roll call vote:

Ayes: Chairperson Katrina Foley, Vice Chairperson Wendy Leece, Agency Member Allan R. Mansoor, Agency Member Gary Monahan

Noes: None.

Absent: Agency/Council Member Eric R. Bever

2. Identity Theft Program and policies to comply with the Fair and Accurate Credit Transactions (FACT) Act of 2003

- a. A RESOLUTION OF THE REDEVELOPMENT AGENCY

OF THE CITY OF COSTA MESA, CALIFORNIA,
ESTABLISHING AN IDENTITY THEFT POLICY AND
PREVENTION PROGRAM AND TO COMPLY WITH
FEDERAL REGULATIONS REGARDING ADDRESS
DISCREPENCIES.

City Attorney Kimberly Hall Barlow presented that staff report.

**MOTION: Adopt RDA Resolution No. 01-2009
Moved by Agency Chair Katrina Foley, seconded by Agency
Member Gary Monahan.**

The motion carried by the following roll call vote:

Ayes: Chairperson Katrina Foley, Vice Chairperson Wendy
Leece, Agency Member Allan R. Mansoor, Agency
Member Gary Monahan

Noes: None.

Absent: Agency/Council Member Eric R. Bever

3. Ratify Warrant Resolutions CMRA-379, CMRA-380 and approve
CMRA-381.

**MOTION: Approved and ratified Warrant Resolutions CRMA-
379, CMRA-380 and CMRA-381.
Moved by Agency Member Allan R. Mansoor, seconded by
Vice Chair Wendy Leece.**

The motion carried by the following roll call vote:

Ayes: Chairperson Katrina Foley, Vice Chairperson Wendy
Leece, Agency Member Allan R. Mansoor, Agency
Member Gary Monahan

Noes: None.

Absent: Agency/Council Member Eric R. Bever

ADJOURN THE MEETING OF THE REDEVELOPMENT AGENCY AND
RECONVENE REGULAR CITY COUNCIL MEETING

Agency Chair Katrina Foley adjourned the RDA meeting at 10:38 p.m and
The Mayor reconvened the City Council Meeting.

IV. REPORTS

No reports were given by the City Attorney or the City Manager.

**V. ADJOURNMENT - The Mayor adjourned the meeting at 10:39 p.m. Next
Regular City Council Meeting is scheduled for April 21, 2009.**

Mayor of the City of Costa Mesa

ATTEST:

City Clerk of the City of Costa Mesa