# CITY OF LAGUNA HILLS, CALIFORNIA
# CITY COUNCIL ADJOURNED REGULAR MEETING
# MINUTES
# MARCH 17, 2009

## CALL TO ORDER

Mayor Lautenschleger called the Adjourned Regular Meeting of the City Council of the City of Laguna Hills, California, to order at 7:00 p.m. in the Laguna Hills City Council Chamber, 24035 El Toro Road, Laguna Hills.

## PLEDGE OF ALLEGIANCE

Councilman Songstad led the Pledge of Allegiance.

## ROLL CALL

Present: Joel Lautenschleger, Mayor
Randal Bressette, Mayor Pro Tempore
Melody Carruth, Council Member
R. Craig Scott, Council Member
L. Allan Songstad, Jr., Council Member

STAFF PRESENT: Bruce Channing, City Manager; Donald White, Assistant City Manager; Peggy Johns, City Clerk; Greg Simonian, City Attorney; Ken Rosenfield, Public Services Director/City Engineer; Vern Jones, Community Development Director; Steve Doan, Chief of Police Services; David Reynolds, Deputy City Manager; Dan Meehan, Community Services Superintendent; Melissa Au-Yeung, Management Analyst; and Sandi Mogan, Deputy City Clerk.

## PUBLIC COMMENTS

There were no Public Comments.

## BUDGET STRATEGY DISCUSSION (0330-40)

### A. City Manager Opening Comments

City Manager Channing reported that this was an unprecedented time for the City of Laguna Hills. Not since 1992 had the City seen a recession of the magnitude it was faced with today, and this recession seemed to be of greater significance. 1992 had been a significant year, as it was the City's first year in operation. At that time the City only had four staff members and was putting together its first budget and first attempt at what the City would deliver in the way of services to the community. That experience in 1992 helped to shape its scope of services to the community and shaped its "contract service" philosophy for providing municipal services, which had served the City well ever since. Managing the City's business and services in a transparent business-like manner has always been a hallmark of this City Council, and it had wisely chosen to make prudent stewardship decisions on how to spend the public's money as its highest priority; for that the City Council should be commended. It was for this reason the City was in good financial condition today, and to the extent that the City Council and staff remained vigilant, the City would remain in good financial condition in the future.

Mr. Channing indicated tonight was the beginning of the process for the purpose of developing the budget for the next biennial period. The goal was to receive guidance from the City Council on how to prepare the proposed budget. There were several keys decisions that the City Council needed to make. The first key decision would be the setting of the target for the amount of operating margin between the anticipated revenues and expenditures. The second key decision was what major plans would shape the budget over the next two years. Mr. Channing discussed the assumptions for drafting the budget, the recovery from the current economic downtrend, and its impact on the City's general fund revenues.

**B. Budget Calendar**

Mr. Channing indicated this was the first of four public discussions of the City's finances. The second public meeting was scheduled for April 21, 2009, which was the Study Session for the Capital Improvement Program. Scheduled for May 19, 2009, was the Study Session relating to the City's Operating Budget. On June 23, 2009, the City would hold a public hearing for final discussion of the budget and adoption by the City Council.

**C. 2008-2009 Financial Update and Outlook**

Assistant City Manager White gave a PowerPoint presentation that summarized data from the Financial Update and Budget Outlook and the 2009 Economic Assessment Report. The City had taken measures to mitigate the downturn of revenue which was close to ten percent of what was budgeted back in June of 2007. The City had deferred $760,000 of General Fund revenues for capital projects this year, currently carrying two vacancies in the Sheriff's contract, and the citywide personnel reorganization. Mr. White discussed the fund balance projections through the end of the year, the five-year history of general fund revenues versus expenditures, and provided a breakdown of the total budget composition by category and department. Staff had provided the City Council with two courses of action: one that provided a minimum seven percent cushion or a maximum ten percent cushion. Mr. White compared the status quo with a 1.07 solution (Scenario 1), and a 1.10 solution (Scenario 2), comparing the two solutions in the context of expenses, operating ratios, reserve ratios, and surplus reserves.

Assistant City Manager White reported on potential budget cuts. Scenario 1 included all Tier 1 cuts to be reported by the Department Heads, and included 90 percent of the Tier 2 cuts, as well as carrying two vacancies in the Sheriff's contract. Staff was also proposing not to fill the recently vacated position of Senior Leader in Community Services. No COLA increase on July 1, 2009, added to the personnel savings achieved in the recent reorganization. The total budget cuts from the 08-09 budget represented just under 11 percent of the 08-09 budget. Scenario 2 included 100% of all Tier 1 and Tier 2 cuts, including the vacant positions, no COLA increase, and additional workforce reductions in City staff and Sheriff contract.

## E. Department Reports

Mayor Lautenschleger took this item out of order on the Agenda.

City Manager Channing indicated each Department Head would give a review of the status of their existing major plans in the current budget, a review of the proposed reductions in the Tier 1 and Tier 2 cuts, and the proposed major plans for the FY 09-11 budget. Mr. Channing explained the procedures to be used by the Council Members for rating the major plans.

Chief of Police Services Doan gave an update on his major plan for the current biennial budget, and reviewed his Tier 1 and Tier 2 budget cuts. The majority of the City Council decided in favor of removing Trauma Intervention Program from the list of Tier 2 budget cuts for Police Services.

Deputy City Manager Reynolds indicated that his status report on his major plans for the current biennial budget was included in the budget binder. Mr. Reynolds reviewed his Tier 1 and Tier 2 budget cuts for Community Services and Information Technology Departments and presented his proposed major plans. Mr. Reynolds also included the Community Services, Historical, and Arts Commission's recommendations for the FY 09-11 Budget in the packet for review by the City Council. It was the consensus of the City Council to remove the Half Marathon and July 4th carnival rides from the list of Tier 2 budget cuts. The majority of the City Council directed staff to research the Community Garden concept.

Public Services Director Rosenfield indicated that his status report on his major plans for the current biennial budget was included in the budget binder. Mr. Rosenfield reviewed his Tier 1 and Tier 2 budget cuts for Public Services and presented his proposed major plans. There was consensus to eliminate Graffiti Removal from the list of Tier 2 budget cuts.

## RECESS AND RECONVENE

Mayor Lautenschleger recessed the meeting at 10:06 p.m. and reconvened the meeting at 10:13 p.m. All Council Members were present.

### E. Department Reports Continued

Community Development Director Jones reported that his status report on his major plans for the current biennial budget was included in the budget binder. Mr. Jones reviewed his Tier 1 and Tier 2 budget cuts for Community Development, and presented his proposed major plans.

Assistant City Manager White gave a status report on his major plan for the current biennial budget regarding City Views. Mr. White reviewed his Tier 1 and Tier 2 budget cuts for Administrative Services, and presented his proposed major plans. It was the consensus of the majority of the City Council not to sell advertisement space as a method for financing City Views.

City Clerk Johns reviewed her Tier 1 and Tier 2 budget cuts for the City Clerk's Department.

Assistant City Manager White indicated he had provided a status report regarding Council/Manager major plans in the budget binder. Assistant City Manager White reviewed the Tier 1 and Tier 2 budget cuts. It was the consensus of the majority of the City Council to remove Grad Nite from the list of budget cuts. Assistant City Manager White presented the proposed major plans for the Council/Manager budget.

### D. City Council Proposed Plans

Mayor Lautenschleger took this item out of order on the Agenda.

Mayor Lautenschleger presented his proposed major plan for studying the option of web streaming for City Council Meetings.

Council Member Songstad presented his proposed major plan for the City to join the Southern California Association of Governments (SCAG) and actively participate in regional matters of business.

Council Member Carruth presented her proposed major plan to investigate and apply for grant opportunities for school programs connected with the Laguna Coast Wilderness Park (Nix Nature Center).

IT WAS MOVED BY COUNCILMAN SCOTT, SECONDED BY COUNCILMAN SONGSTAD, TO AUTHORIZE STAFF TO IMPLEMENT SCENARIO 1 FOR THE FY 2009-2011 BIENNIAL BUDGET.

Mayor Pro Tempore Bressette indicated he would be voting no on this item with respect to the issue of the elimination of the COLA increase.

The motion carried by the following vote:

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| AYES: | Council Members Carruth, Scott, Songstad, and Mayor Lautenschleger |
| NOES: | Mayor Pro Tempore Bressette |
| ABSENT: | None |

It was the consensus of the City Council to begin the April 21, 2009, CIP Study Session meeting at 6:30 p.m.

**ADJOURNMENT**

There being no further business before the City Council at this session, Mayor Lautenschleger declared the meeting adjourned at 11:49 p.m.

Peggy J. Johns
PEGGY J. JOHNS, CITY CLERK

ATTEST:

Joel Lautenschleger
JOEL LAUTENSCHLEGER, MAYOR

APPROVED AT MEETING OF APRIL 14, 2009.