## SPECIAL MEETING OF THE EL SEGUNDO CITY COUNCIL THURSDAY, MARCH 19, 2009 El Segundo Public Library 111 W. Mariposa Avenue, El Segundo, CA 90245 8:00 a m

8:00 A.M. SESSION

CALL TO ORDER - Mayor McDowell at 8:00 a.m.

**ROLL CALL** 

Mayor McDowell
Mayor Pro Tem Busch
Council Member Brann arrived at 8:02 a.m.
Council Member Fisher
Council Member Jacobson

PUBLIC COMMUNICATIONS – (Related to City Business Only – 5 minute limit per person, 30 minute limit total) Individuals who have received value of \$50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves prior to addressing the City Council. Failure to do so shall be a misdemeanor and punishable by a fine of \$250. While all comments are welcome, the Brown Act does not allow Council to take action on any item not on the agenda. The Council will respond to comments after Public Communications is closed. - NONE

This planning session will guide staff in the preparation of the FY 2009-10 Preliminary Budget, which will be presented at the next Strategic Planning Session. Council may raise other development, policy, capital project and potential budget reduction items for consideration as part of staff's preparation of the FY 2009-10 Preliminary Budget.

## SPECIAL ORDERS OF BUSINESS:

1. Consideration and possible action regarding a strategic planning session which will guide staff in the preparation of the Fiscal Year 2009-2010 Preliminary Budget. Staff will present a brief overview of the challenges/limitations, goals and strategies with associated projects and program.

Jack Wayt, City Manager gave a brief overview.

Staff gave a brief report on the following items:

## Accomplishments:

- Douglas Street
- Athletic Fields
- Plaza El Segundo
- Fire Station #2
- Use of Reclaimed Water
- Implementation of Environmental Workplan

- RSI Homes Completed and Additional funding
- Crime Reduction

## **Development Project Update:**

- Data Centers
- Hotels
- Campus El Segundo
- Plaza El Segundo
- Segundo Business Park
- Gehry Partners
- Aviation/Aerospace

Bill Crowe, Assistant City Manager, gave an update on AQMD Lawsuit. Noted that AQMD was not issuing any credits for the excess energy used by the data center. Data Center/City need to purchase up to \$1 million in credits.

Council discussed sending a letter in support of a bill from Congressman Wright to try and resolve the issue with credits.

Council asked if there was possibility of fee increases for new development.

Update on Pedestrian Bridge Completion – should be completed by June/July 2009.

## Strategic Planning 2009-10 Challenges/Limitations:

- Current economic crisis
- Reduced revenues
- Escalating PERS rates driven by higher salaries and portfolio losses
- Unemployment rate continues to increase
- Other Post Employment Benefits (OPEB) Funding

## Strategic Planning 2009-10 Budget Parameters:

- In preparation of the FY 09-10 budget, staff is considering the following:
  - Non-personnel costs no increases over the prior year budget or a 2% or \$250,000 reduction
  - Reduction of consulting contracts to be determined
  - o Benefit costs estimated at 5% increase over prior year approximately \$782,000
  - Salary costs salary increases per MOUs average for all groups 4% increase approximately \$1.2 million increase

## Strategic Planning FY 2009-2010 Agenda:

- To identify priorities for City Operations and annual budget
- To guide the City's capital improvement programs
- Discuss Policy Issues
- Identify Projects for Funding Consideration
- Identify Potential Revenue Generators/Cost Savings
- Identify Budget Reduction Options

## Jack Wayt, City Manager, presented the proposed City goals:

Provide quality public safety

- Provide quality service to our resident and business community
- Improve public facilities and infrastructure
- Promote community health and environment
- Strive to operate debt-free ("pay-as-you-go")

Deborah Cullen, Finance Director presented supporting strategies:

- Maintain a balanced budget
- Manage salary/benefit costs
- Identify potential cost-saving areas
- Continuously evaluate staffing needs
- Continue to invest in technology to maintain and improve efficiencies

Mayor McDowell requested a faster speed on City internet, which currently runs on a T-1 line. Norm Thorn, Information Services Manager, stated that the current line will be supplemented by a faster line once Fire Station #2 was completed.

Finance to update Economic Uncertainty Fund Analysis.

Policy issues - Land Use and Development were discussed:

- Douglas Street Corridor
- Capital Project Funding
- LAX Projects
- Richmond/Franklin Parking Lot
- Smoky Hollow, Power Plant, Circulation Element
- Zone Ordinance Amendment Assisted Living, Parking/Loading Issues cleanup to be done in house
- In-Lieu Parking

Douglas Street Corridor – Current landscaping and traffic congestion discussed. Suggested business owners upgrade landscape when renovating property. Council discussed having staff look for grant opportunities. Also wanted to look at allowing more "creative" uses and amending the zoning or coming up with a Specific Plan. No funding was identified for a specific plan and staff may do some work. Staff may want to talk to the property owners in the area to see what they are interested in.

Mayor McDowell asked if there were state grants available for beautifying Douglas Street.

Mayor Pro-Tem Busch inquired if businesses would be interested in subsidizing the beautification/landscaping project.

Capital Project Funding – Dana Greenwood, Public Works Director, suggested prioritizing projects might be a task for Public Works rather than the Capital Improvements Program Advisory Committee (CIPAC). Council consensus to have the Public Works Director rank critical infrastructure projects and add to the CIPAC Project list.

Richmond/Franklin Parking Lot – Greg Carpenter, Planning and Building Safety Director, stated that the study on the parking lot concluded that the City would have to subsidize some of the cost of the parking lot lease, as the parking fees would not be enough to fund operations.

Council directed the Planning and Building Safety Director to come back with cost estimate and present Information to the parking sub-committee.

Smoky Hollow/Power Plant/Circulation – Council consensus to hold off on future funding for these projects and undesignate funds at this time. Council supported the concept of combining this funding into a general plan update and requested a cost/time estimate. Staff to follow up with a memo or discuss at a future Council meeting. Staff to find out how much Manhattan Beach spent on their general plan update.

In-Lieu Parking – Information sent by City Attorney on March 20, 2009. Staff to meet with Attorney to resolve any questions. Item to be agendized for the earliest possible Planning Commission meeting.

## Policy Issues:

- School District Funding
- Park Place

School District Funding – Council consensus to fund at least to traditional level of \$250,000.

Council consensus not to increase funding unless the School District reduces staffing and tap their own budget reserves.

Current year funding to the School District is \$400,000 cash contribution, \$100,000 in direct funding of crossing guards and \$664,000 in in-kind contributions. It was noted that the District may issue more layoff notices in the next year.

City Attorney to research the Naylor Act regarding possible purchase or lease of Imperial School property.

Council recessed at 9:40 a.m.

Council reconvened at 9:50 a.m. with all Council Members present.

Projects for Funding Consideration - Capital Projects:

- Beach Restroom
- Aquatics Center
- Richmond Street Tree Removal/Replanting
- Aerial Ladder Truck for Fire Department
- Golf Course Restaurant
- Web Page

Beach Restroom – Pending funding clarification from County.

Aquatics Center – Preliminary cost estimates - \$4.5 to \$14 million. Council consensus to complete feasibility study and report back.

Richmond Street Tree Removal/Replanting – preliminary cost estimate was \$30,000 for tree removal and \$220,000 for hardscape replacement. Council consensus to budget for tree removal only and do hardscape on an as-needed basis.

Aerial Ladder Truck – It was noted that remaining useful life was projected to be five years. Staff to research purchasing a used truck from a financially distressed City and/or funding for a new truck using Fire Station #2 contingency designation of \$1.5 million.

Golf Course Restaurant – Council discussed the possibility of leasing restaurant property to restaurateurs. Golf Course Subcommittee to research cost/benefit and report results to the Recreation and Parks Commission before doing a possible feasibility study.

Web Page – Executive Technology Review Committee to research high speed network connection. Council requested cost estimates for upgrading the Web site be returned to the Technology Subcommittee.

## Possible Revenue Generators:

- New Telecom Ordinance
- TOT Class Action
- Fee Study
  - o Continuous implementation of fee study
  - o Fee study for police fees and fines
  - o County/Court fee increase
- Economic Stimulus Plan
- Disposition of Fire Station #2 Land
- Developer Fees PLF
- Water/Sewer Rate Study

Telecom Ordinance – Council directed staff to draft new ordinance for council review. The target timeframe for making a decision is October 2009. If ordinance is accepted by Council, to be placed on the April 2010 Election Ballot.

TOT Class Action – to be agendized for City Council Closed Session.

Fee Study – Council consensus to proceed with the Police Department fee study and pass-through county/court charges for fines and fees.

Council directed staff to research the possibility of adding a COLA for the Business License Tax. Council consensus to eliminate the \$40 business license processing fee from home based business and small business.

Disposition of Fire Station #2 Land – Staff to research sale price.

Developer Fees – PLF – City Council requested information on the 2006 study before a decision is made.

Water/Sewer Rate Study - Council consensus to bring back proposal for pass-through water rate increase.

## **Budget Reduction Options**

- Safety Communication Center
- Equipment Replacement Funding
- Trash Collection Fees Taken out of consideration
- Other Post Employment Benefits (OPEB) Funding

- Capital Project Funding
- Water Conservation Ordinance
- Consulting Contracts
- Personnel Costs
  - o Bonus incentives for early retirement or contracts
  - o Selective hiring freeze
  - o Overtime
- Reorganization
- Sewer Laterals Taken out of consideration.

Safety Communication Center – Police Department to obtain estimate of cost of outsourcing and possibility of renting out existing space to other agencies.

Equipment Replacement Funding – Council consensus to consider reducing funding levels as a last resort.

Water Conservation Ordinance – Staff to draft ordinance.

Consulting Contracts – Individual departments to identify contracts that could be eliminated.

Bonus Incentives for early retirement – Bob Hyland, Human Resources Director, to research options.

Selective Flexible Hiring Freeze - Jack Wayt, City Manager, to provide listing of unfilled positions.

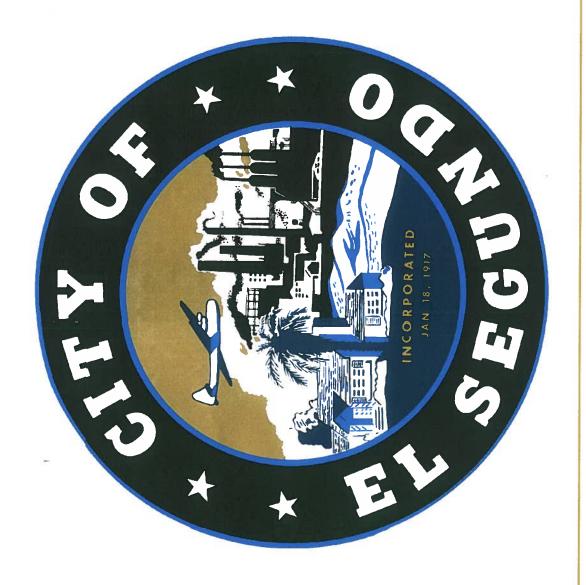
Overtime reduction - Finance to summarize City-wide overtime by department.

Council Member Brann left the meeting at 11:42 a.m.

ADJOURNMENT at 11:47 a.m.

Cathy Domann, Deputy City Clerk





## 2009-2010 STRATEGIC PLANNING SESSION

NCORPORATED JAN 18, 1917

## STRATEGIC PLANNING FY 2009-10

Goal of today's meeting:

To discuss policy options that will lead to developing plans for the future direction of the City.

## **ACCOMPLISHMENTS**

- Douglas Street
- Athletic Fields
- Plaza El Segundo
- Fire Station #2
- Use of Reclaimed Water
- Implementation of Environmental Workplan
- RSI Homes Completed & Additional Funding
- Crime Reduction

## DEVELOPMENT PROJECT UPDATE

- Data Centers
- Hotels
- Campus El Segundo
- Plaza El Segundo
- Segundo Business Park
- Gehry Partners
- Aviation/aerospace

## STRATEGIC PLANNING FY 2009-10 CHALLENGES/LIMITATIONS

- Current economic crisis
- Reduced revenues
- Escalating PERS rates driven by higher salaries and portfolio losses
- Unemployment rate continues to increase
- Other Post Employment Benefits (OPEB) Funding

## STRATEGIC PLANNING FY 2009-10 BUDGET PARAMETERS

- In preparation of the FY 09-10 budget, staff is considering the following:
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- Salary costs salary increases per MOU's average for all groups - 4% increase - Approximately \$1.2 million increase

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## STRATEGIC PLANNING FY 2009-10 AGENDA

- To identify priorities for City operations and annual budget
- To guide the City's capital improvement programs
- Discuss Policy Issues
- Identify Projects for Funding Consideration
- Identify Potential Revenue Generators/Cost Savings
- Identify Budget Reduction Options

## STRATEGIC PLANNING FY 2009-10

- Proposed City Goals:
- To provide quality public safety
- To provide quality service to our resident and business community
- To improve public facilities and infrastructure
- Promote community health and environment
- Strive to operate debt-free ("pay-as-you-go")

## STRATEGIC PLANNING FY 2009-10

- Supporting Strategies:
- Maintain a balanced budget
- Manage salary/benefit costs
- Identify potential cost-saving areas
- Continuously evaluate staffing needs
- Continue to invest in technology to maintain and improve efficiencies

## POLICY ISSUES - LAND USE & STRATEGIC PLANNING -DEVELOPMENT

- Douglas Street Corridor
- Capital Project Funding
- LAX Projects
- Richmond/Franklin Parking Lot
- Smoky Hollow, Power Plant, Circulation Element
- Zone Ordinance Amendment Assisted Living, Parking/Loading Issues
- In-Lieu Parking

## STRATEGIC PLANNING FY 2009-10 POLICY ISSUES

School District Funding

Park Place

INCORPORATED
JAN 18, 1917

## CONSIDERATION - CAPITAL PROJECTS FOR FUNDING PROJECTS

- Beach Restroom
- Aquatics Center
- Richmond St. Tree Removal/Replanting
- Aerial Ladder Truck for Fire Dept. Partially Funded
- Golf Course Restaurant
- Web page

# POSSIBLE REVENUE GENERATORS

- New Telecom Ordinance
- TOT Class-Action
- Fee Study
- Continuous implementation of fee study
- Fee study for police fees and fines
- County/Court fee increase
- Economic Stimulus Plan
- Disposition of F.S. #2 Land
- Developer Fees PLF
- Water/Sewer Rate Study

## BUDGET REDUCTION OPTIONS

- Safety Communication Center
- Equipment Replacement Funding
- Trash Collection Fees
- Other Post Employment Benefits (OPEB) Funding
- Capital Project Funding
- Water Conservation Ordinance
- Consulting Contracts
- Personnel Costs
- Bonus Incentives for early retirement or Contracts
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- Reorganization
- Sewer Laterals