

**CITY OF LAGUNA WOODS, CALIFORNIA
CITY COUNCIL MINUTES
ADJOURNED REGULAR MEETING
May 4, 2011
2:00 P.M.**

I. CALL TO ORDER

Mayor Hack called the Adjourned Regular Meeting of the City Council of the City of Laguna Woods to order at 2:00 p.m.

II. FLAG SALUTE

Councilmember Rhodes led the flag salute.

III. ROLL CALL

COUNCILMEMBERS: PRESENT: Rhodes, Ring, Robbins, Conners, Hack
 ABSENT: None

STAFF PRESENT: City Manager Keane; Assistant City Manager Reilly; Deputy City Clerk Trippy; City Attorney Cosgrove

IV. CITY MANAGER

4.1 Fiscal Year 2011-12 Budget Work Plan and Meeting Schedule

City Manager Keane reviewed the Fiscal Year 2011-12 work plan and meeting schedule; projected General Fund revenues and expenditures for Fiscal Year 2010-11; and proposed General Fund base budget projections for Fiscal Year 2011-12. She noted that continuation of all existing General Fund programs would result in a \$180,159 deficit.

Mayor Pro Tem Conners asked if both incidents and citations are down for the red light camera program.

City Manager Keane responded that they are. She noted that the red light camera program fines are set by the State, not the City, and that the City operates the program at a net loss of revenue.

Mayor Pro Tem Conners asked if property tax revenues are down as a result of a decrease in the number of homes sold and their lower assessed values.

City Manager Keane responded that they are.

Mayor Hack asked if completion of the landscaping along Moulton Parkway and El Toro Road is included in the FY 2011-12 work plan.

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City Manager Keane responded that the landscaping associated with the intersection portion of this project is included in the existing capital improvement program budget.

Councilmember Robbins asked if the City Council provided the 18 month notice required to reinstitute the cable franchise fee.

City Manager Keane responded that the City did provide notice.

Councilmember Rhodes asked for clarification on the City's business licensing practices.

City Manager Keane explained that the City licenses only certain businesses. She noted that staff anticipates proposing a Certificate of Occupancy requirement in the future due to the impact of new businesses on parking, but that fees for this program would not generate revenue, only cover program costs.

Mayor Hack proposed modifying the cost of the airport taxi voucher program.

Councilmember Robbins supported increasing the cost of airport taxi vouchers to \$25 to eliminate some of the deficit and noted many residents are happy with the program.

Mayor Hack agreed that it is a wonderful service that the City can no longer afford at the current price.

Councilmember Robbins concurred with Mayor Hack that residents can still afford to purchase airport taxi vouchers without such a large subsidy.

City Manager Keane confirmed that California Yellow Cab was the only contractor who submitted a bid proposal. Their proposed rates remain the same with exception of a \$2 per trip increase to the Irvine Transportation Center.

Mayor Pro Tem Connors concurred with Councilmember Robbins that the City should provide services where the need is greatest. She proposed increasing the cost of airport taxi vouchers to \$30.

Mayor Hack and Councilmember Robbins agreed that preserving the non-emergency medical taxi vouchers is more important than the airport taxi vouchers.

City Manager Keane discussed the cost of the program and noted that the City can no longer charge staff time to the grant due to insufficient funds. If the City Council chooses to increase airport vouchers to \$30, the City would be able to charge some staff time.

Councilmember Rhodes suggested staff look elsewhere for savings.

Mayor Hack asked if Councilmember Rhodes had any suggestions where and why.

Councilmember Rhodes stated that he would like to continue the taxi voucher services that residents appreciate. He noted that the cost of public safety was not discussed.

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City Manager Keane explained that the City's police services are already at a minimum. The only possibility would be to eliminate the deputy assigned to the red light camera program, which would require ending the program, as well.

Councilmember Rhodes asked if the red light camera program is included in the budget.

City Manager Keane responded that it is and that costs for this program have increased, particularly with respect to legal services.

Councilmember Rhodes proposed lowering the economic uncertainties reserve to 3%.

City Manager Keane noted that the City dipped into the existing economic uncertainties reserve by more than 3% due to increased costs for legal services.

Councilmember Robbins opposed reducing the amount of the reserve.

Councilmember Rhodes asked if the cable franchise fee could be partially reinstated.

City Manager Keane responded that it could only be fully reinstated to 5%, unless the City Council wishes to pursue a ballot measure for a higher rate.

Mayor Hack stated that he would not support a ballot measure.

Councilmember Ring supported increasing the airport tax vouchers to \$30. He asked for more information on the community services grant program.

City Manager Keane explained that \$150,000 is typically awarded for grants, which includes \$75,000 in competitive funding and \$75,000 for Age Well Senior Services.

Mayor Hack supported keeping Age Well's grant amount at \$75,000 due to the breadth of services they provide.

Councilmember Ring concurred with Mayor Hack and suggested that the competitive grant amount could be reduced by \$15,000-\$25,000.

The City Council reached consensus to increase the cost of the airport tax vouchers to \$30 and to maintain the current prices for other vouchers.

Councilmember Rhodes preferred an increase to \$25; however he stated that that he does not oppose \$30. He believes that residents will perceive it as a 100% increase.

Mayor Hack stated that the option to purchase airport tax vouchers is still available and that reducing the City's loss is what is being proposed.

City Manager Keane estimated that with the changes to the airport tax voucher program, the deficit is now approximately \$160,000. She noted that the City Council can choose to reduce the community services grant amount to any amount they wish and that the cable franchise fee would yield approximately \$160,000 in revenue.

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Mayor Pro Tem Conners stated that she would prefer to reinstitute the cable franchise fee rather than reduce the community services grants. She estimated that the cost of the cable franchise fee per resident would be approximately \$1.50 per month and asked who would collect the fee.

City Manager Keane stated that GRF provides the payment to the City and could collect the fee at their discretion. Cox Communications will also be required to remit the fee for its subscribers.

Mayor Hack noted that the County had always collected the cable franchise fee, until the City incorporated and decided not to. He reiterated that the City Council did not waive the fee, but instead chose not to collect the fee.

City Manager Keane noted that the City Council has not expressed a desire to discontinue paying the electric bills for street lights in Third Mutual; however, they could do so.

Mayor Hack proposed holding the issue for a separate discussion, at a later date, due to possible liability concerns.

Councilmember Robbins stated that it is prudent to collect the cable franchise fee in order to provide services most needed by the community. He noted that the City Council could reconsider doing so at a later date.

Councilmember Rhodes asked if residents outside of Laguna Woods Village would be subject to the fee and what the estimated cost would be for residents.

City Manager Keane responded that it would apply to all cable television services in the City.

Mayor Hack stated that the estimated cost is \$18 per year or \$1.50 per month for Village residents.

Councilmember Rhodes concurred that \$1.50 per month is a reasonable amount. He also supports reducing the community services grants by \$15,000-\$20,000 so that cuts are made in a variety of areas.

Councilmember Ring stated his belief that the City has no alternative to reinstituting the cable franchise fee.

Mayor Hack stated that it is City Council's consensus to reinstitute the cable franchise fee.

Mayor Pro Tem Conners thanked City Manager Keane and staff for having the foresight to provide advance notice on reinstituting the cable franchise fee.

Community Services Manager Foley identified the 2011 community services grant recipients, the services that they provide, and the amount of funding awarded to each.

Mayor Pro Tem Conners explained that it is not the City Council's intent to determine

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which organizations are more deserving of grant funding. The Community Services Committee will continue to consider all applications and make recommendations. She acknowledged that it would be hard to recommend reductions in funding.

Mayor Hack stated that none of the current funding seems wasteful and that he would like to see Age Well Senior Services continue to receive \$75,000.

Councilmember Rhodes supported reducing the community services grants by \$20,000 and reserving \$75,000 for Age Well. He believes that reductions should be made in a variety of areas and that when the economy improves, they can be reconsidered.

Community Services Manager Foley stated that grant applications are accepted in August and presented to the City Council for award consideration in October/November.

Councilmember Robbins stated that he does not want to cut any more than \$20,000 and is wavering on his decision until other budget items have been presented.

Mayor Pro Tem Conners stated that large cuts to the Community Services grants may not be necessary after the City Council's decisions regarding the cable franchise fee and the airport taxi vouchers have been implemented.

Mayor Hack stated that it is the consensus of Councilmembers Robbins, Conners, and himself to delay reducing community services grants until later in the year.

City Manager Keane stated that staff does not anticipate having new projections by June, but that better projections can be made in October in time for award of the grants.

Mayor Pro Tem Conners asked if it would be easier to budget less and add more later, or vice-versa.

City Manager Keane stated that it would be easier to budget less now and add more later, if additional funding becomes available.

Mayor Hack stated that it is the City Council's consensus to reduce the community service grants by \$20,000 to a total of \$130,000, with an option to increase at a later date if funding becomes available.

Mayor Hack introduced a discussion of continuing the red light camera program.

Mayor Pro Tem Conners stated that Los Angeles County has had ongoing discussions on the effectiveness of camera programs and that they pay more than the City does to support their program.

Councilmember Rhodes discussed an opinion he heard regarding the effectiveness and safety of the program. He is supportive of the program and believes that it has made him a more conscious driver.

Mayor Hack stated that unless statistics are factual, they can be considered hearsay.

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Councilmember Ring stated that he has always been a proponent of the program, but he is not enthusiastic about the constant legal battles. He suggested keeping the cameras as a deterrent but eliminating the citations. He acknowledged that it may not be practical.

Mayor Hack agreed that without compunction, it would serve no purpose.

Councilmember Rhodes stated his belief that the public's attitude towards the program is that they agree with its effectiveness and safety, but do not like being cited. He asked Chief of Police Services Rudy if he had any information to share.

Chief of Police Services Rudy stated that he has not yet had an opportunity to review the City's statistics. He suggested that he could provide the City with statistical information, at a later date, as to the effectiveness of the City's and other city's programs.

City Manager Keane suggested that the Public Safety Committee review the information during their June or July meetings and make a recommendation to the City Council.

Mayor Hack noted that the City Council's primary concern has always been safety and that it has never been intended to be a revenue generator for the City.

City Manager Keane noted that questions of revenue neutrality and technical issues, such as the City Attorney's right to prosecute cases and chain of evidence, are the most commonly raised in court. The two companies that provide the service in the state are seeking legislation to clarify the technical issues.

City Attorney Cosgrove acknowledged a rise in challenging violations and the number of defenses raised are only limited by the imagination of the attorneys that present them. He concurred with Councilmember Ring that the cost will continue to increase. Ultimately, it is the City Council's decision whether to continue the program.

Mayor Hack discussed similarities with the myriad of defenses raised in DUI cases. He concurred with Councilmember Ring that costs are likely to increase and questioned whether the City can sustain the program. Mayor Hack noted that Redflex is considering reducing their fees.

City Manager Keane discussed the costs of the program and the reasons for the increased expenditures, which relate to legal fees. She asked the City Attorney about the danger of ending the program in the midst of pending litigation.

City Attorney Cosgrove stated that City Manager Keane raised a valid point that the City will have to defend lawsuits on what has already been done. He indicated that actions taken now would not be permissible for litigation raised on what has already been done.

Mayor Pro Tem Connors discussed her recent request to Assemblyman Don Wagner for support and legislation associated with continuing the red light camera program. She was told to submit a letter of request and asked for staff's assistance in drafting the letter.

City Manager Keane stated that staff can provide a letter.

Mayor Hack stated that Redflex may choose to do traditional lobbying.

Councilmember Rhodes asked why the City would have to eliminate the program now, as part of the budget process, and asked if the issue could be returned at a later time.

City Manager Keane clarified that no one is suggesting terminating the program today.

Councilmember Rhodes suggesting leaving the program as-is for now.

Mayor Hack stated that is the City Council's consensus.

City Manager Keane noted that the proposed budget assumes that the City Council will implement some minimal increases to building permit fees during a public hearing at its May 18, 2011 meeting. She discussed some of the discrepancies between the current and actual costs for permits that could lead to a \$10,000 loss in the budget, if the City Council does not act on the issue. City Manager Keane noted that additional fee issues will be presented during the year.

City Manager Keane concurred with Mayor Hack that based on the actions taken by the City Council, she is confident that the Fiscal Year 2011-12 budget can be balanced.

Councilmember Rhodes asked that a Certificate of Occupancy program be implemented immediately before it becomes a problem.

City Manager Keane noted that it is not necessarily a revenue generator and agreed that certain new businesses could cause parking problems.

City Manager Keane thanked Special Projects Manager Macon and Finance Manager Jones for assisting with the budget process.

V. PUBLIC COMMENTS

None

VI. CLOSED SESSION

The City Council met in closed session to confer with legal counsel regarding one matter of litigation: City of Laguna Woods vs. Raintree Realty LLC, Case No. 05 CC 09350 pursuant to the provisions of Government Code Section 54956.9(a).

The City Council reconvened in open session at 4:14 p.m. City Attorney Cosgrove advised that there was no reportable action.

VII. ADJOURNMENT

The meeting was adjourned at 4:14 p.m. The next regular meeting will be at 2:00 p.m. on May 18, 2011 at the Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, CA 92637.

YOLIE TRIPPY, Deputy City Clerk

Adopted: JUNE 15, 2011

BERT HACK, Mayor