

**MINUTES OF THE CITY COUNCIL
OF THE CITY OF LOS ALAMITOS**

SPECIAL MEETING – February 3, 2020

1. CALL TO ORDER

The City Council met in Special Session at 6:02 p.m., Monday, February 3, 2020 in the Council Chamber, 3191 Katella Avenue, Mayor Murphy presiding.

2. ROLL CALL

Present: Council Members: Doby, Grose, Hasselbrink,
Mayor Pro Tem Chirco, Mayor Murphy

Absent: Council Members: None

Present: Staff: Chet Simmons, City Manager
Michael Daudt, City Attorney
Eric Hendrickson, Finance Director
Emeline Noda, Recreation Manager
Ron Noda, Recreation Manager
Eric Nunez, Police Chief
Windmera Quintanar, MMC, City Clerk
Leslie Roseberry, Interim Development Services Director
Chelsi Wilson, Executive Assistant to the City Manager/Benefits

Mayor Murphy welcomed City Manager Chet Simmons and thanked Ron Noda for his service as interim.

3. SPECIAL ORDER OF THE DAY

A. Building Future Fiscal Sustainability Program Next Steps (Finance)

The City of Los Alamitos is at a financial crossroads where future revenue and expenditure projections will require a major reduction of city services, raising taxes, raising fees or a combination of such. The challenge facing the city is a projected structural deficit growing from \$1.4M in Fiscal Year 2020-21 to over \$3.4M in Fiscal Year 2027-28. The deficit is projected to top out at about \$3.7M per year in 2031. With realistic revenue assumptions, growing deficits are forecasted with a cumulative deficit of \$41.5M at the end of 2033-34.

In late 2018, the City proactively focused on developing a plan for "Building Future Fiscal Sustainability". City staff worked closely with the Budget Standing Committee to identify review and evaluate cost cutting and revenue enhancement options available to the City. The options identified were presented to City Council on August 19, 2019.

A key part of this effort involved the opportunity to engage with the community in order to provide information and obtain feedback. Constructive feedback along with city service priorities were identified based on input from hundreds

of residents. Another critical item was to obtain direct feedback from registered voters, which included conducting of a statistically reliable community survey or most likely to vote registered voter, which was completed in November by a contracted vendor. The results of the survey showed after information was provided and opposition messages were presented, support for the sales tax measure remains well above the threshold for victory and outside the survey's margin of error of 72% of likely voters.

City Manager Simmons introduced the item and Finance Director Hendrickson summarized the Staff report.

City Council and Staff discussed the following topics:

- Positive support from the residents for a 1% sales tax measure to maintain current service levels
- 2% additional sales tax limit as stated in Revenue and Taxation Code Section 7251.1
- Sales tax situations in surrounding cities and jurisdictions
- Additional funds would need to be allocated for FM3 to survey residents on 1.5% sales tax
- Ability for an outside agency to request voter approval for a tax up to the 2% maximum
- Would require legislative action to exceed 2% maximum
- Importance of educating the public that any additional sales tax approved by the voters would go directly to the City and not to the State
- Support for allowing the residents to vote on a 1.5% sales tax measure
- Support for continuing the discussion and allowing the newly appointed City Manager to vet out additional ideas
- City is facing a structural deficit despite reduction in Staff, reductions throughout the City
- Support for continuing public outreach to educate the public on the City's structural deficit and the need for additional revenue
- Possibility of exploring an increase in Transient Occupancy Tax (TOT) after the new hotel is built at a separate election
- Possibility of exploring a measure regarding tax on marijuana sales
- Concern putting forward two ballot measures at the same election would split the vote and cause one or both measures to fail
- Best practices for money management would continue from the Council with or without an approved sales tax measure
- A second shorter follow up survey to gauge the residents support for 1.5% sales tax
- Different approval requirements for a specific tax versus a general tax

Motion/Second: Murphy/Hasselbrink
Unanimously Carried: The City Council:

1. Directed city staff to bring a cost estimate to the March 16, 2020 meeting for a shorter follow up survey of the community to evaluate their interest in either a 1% or 1.5% sales tax increase; and,
2. Directed city staff to formalize a list of Capital Improvement Projects and other services that could be addressed or implemented should the community support a 1.5% sales tax increase; and,
3. Directed city staff to continue their pro-active community outreach and feedback campaign related to "Building Fiscal Sustainability", focusing in upon the option of pursuing a sales tax increase; and,
4. Report back to City Council during the April 20, 2020 meeting with a recommendation to place an ordinance on a future City Council meeting date. This ordinance would become effective only if voters approve of the measure during the November election.

4. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9. Name of Case: *Los Alamitos Community United, et al. v. City of Los Alamitos, et al.* Superior Court of California, County of Orange, Case No. 30-2018-00987018-CU-WM-CXC.

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: One potential case.

City Attorney Daudt read the items aloud.

RECESS

The City Council recessed into Closed Session at 6:44 p.m.

RECONVENE

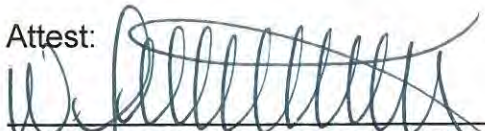
The City Council reconvened in Special Session at 7:20 p.m.

City Attorney Daudt stated there was no reportable action.

5. ADJOURNMENT

The City Council adjourned at 7:20 p.m.

Attest:


Windmera Quintanar, MMC, City Clerk


Richard D. Murphy, Mayor