

MINUTES

GARDEN GROVE CITY COUNCIL

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

GARDEN GROVE SANITARY DISTRICT

An adjourned regular meeting of the City Council, Agency for Community Development, and Garden Grove Sanitary District was called to order in the Founders Room of the Community Meeting Center, 11300 Stanford Avenue, on Monday, June 16, 2003, at 5:23 p.m.

COUNCIL

ROLL CALL: PRESENT: (5) MAYOR BROADWATER, COUNCILMEMBERS DALTON, LEYES, ROSEN, TRAN

ABSENT: (0) NONE

AGENCY

ROLL CALL: PRESENT: (5) CHAIRMAN ROSEN, MEMBERS BROADWATER, DALTON, LEYES, TRAN

ABSENT: (0) NONE

SANITARY DISTRICT

ROLL CALL: PRESENT: (5) PRESIDENT BROADWATER, MEMBERS DALTON, LEYES, ROSEN, TRAN

ABSENT: (0) NONE

ALSO PRESENT: City Manager/Director/General Manager, George Tindall; Assistant City Manager/Community Development Director, Matthew Fertal; Assistant City Manager/Public Works Director, Les Jones; Community Services Director, Cal Rietzel; City Attorney/Legal Counsel, John Shaw; Finance Director, Anthony Andrade; Fire Chief, Keith Osborn; Personnel Services Director, Steve Larson; Police Chief, Joe Polisar; Assistant to the City Manager, George Skelton; and Deputy City Clerk/Deputy Secretary, Priscilla Stierstorfer.

ORAL COMMUNICATIONS - PUBLIC

David Lautherboren commented that residents on a fixed income cannot afford any increases and questioned whether the budget reflected costs trimming. (F: 53.3) (XR: 34.1)

DISCUSSION CONCERNING 2003-2004 GENERAL FUND, AGENCY FOR COMMUNITY DEVELOPMENT, WATER SERVICES, SANITARY DISTRICT, AND COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) BUDGETS (F: 34.1)

Staff report dated June 16, 2003, was reviewed. The City Manager/Director/General Manager commented that the City is moving forward to adopt a budget; and when the City finds out how much the State will take, the budget will be amended. He noted that the Capital Improvement Budget contains no General Fund money to fund projects, only money for city buildings. He indicated that expenses are higher than last year because of the increases in Workers Compensation, PERS and State mandates. He noted that the budget is balanced using carry-over funds from last year, a hiring freeze, and a 10% reduction in every department.

The Finance Director commented that the City's revenue would depend upon things that happen in Sacramento and the economy, which is sluggish at this time. The major revenue source for the City is the sales tax, which is up but at a slow rate of growth.

In response to Councilman/Chairman/Member Rosen, the Finance Director commented that the City anticipates losing \$900,000 from the State.

The City Manager/Director/General Manager commented that the City's expenditures are larger than the revenues because of what the economy is doing, and the City does not have control on the revenue sources. He commented on a PERS Program that would allow people to retire sooner by increasing their service years. Having people leave would allow a restructuring of the organization. We are one of the lowest staffed cities with a population over 100,000. We are very proud of that; however, sometimes we do not have enough staff to do what should be done.

Councilman/Chairman/Member Rosen questioned whether the positions that were frozen in the 2002/03 budget are unfunded in the 2003/04 budget. The City Manager/Director/General Manager noted that those positions will be kept unfunded. There are vacancies in every department through attrition.

The City Manager/Director/General Manager reviewed the budgets for each department.

Councilman/Member Leyes inquired whether the Juvenile Justice Center is working the way it was intended. The Police Chief commented that it is, and the program was recommended as a model for youth programs nationwide.

Councilman/Member Tran questioned whether the budget has been affected by the threat of terrorism and the National Alert System. The City Manager/Director/General Manager commented that our costs have gone up; however, we have not kept a record of the costs. The Police Chief commented that representatives from Fire, Police, and City Hall served on a Homeland Security committee. Since we have not had a high alert, all the

recommendations have not been implemented. However, the costs could be considerable in the event of a high alert.

Councilman/Member Leyes inquired whether the County or FEMA (Federal Emergency Management Agency) will reimburse the City for those expenses. The City Manager/Director/General Manager commented that the County has reimbursed the City for supplies but not for labor. The City has also received federal money from Homeland Security for equipment.

Councilman/Chairman/Member Rosen commented regarding the Red Light Program and the potential revenue. The City Manager/Director/General Manager commented that the program does not generate that revenue at this time. However, it will when the program is expanded to other intersections. The Police Chief commented that the Brookhurst/Westminster intersection was chosen because it is the worst one. The digital technology was a problem because of the large intersection. However, it has been improved, which will allow us to expand the program to other intersections.

Councilman/Member Tran commented that most of the Capital Improvement Budget uses County, State, or Federal grants. He inquired as to which projects might be reduced. The City Manager/Director/General Manager commented that this administration has been very reluctant to reduce transportation funding because of the conditions of the roads in California.

RECESS

At 6:25 p.m., the Mayor/Sanitary District President and the Agency Chairman declared a recess for their respective bodies.

RECONVENE

At 6:33 p.m., the meeting was reconvened with Mayor/President/Member Broadwater, Councilman/Chairman/Member Rosen, and all members in attendance.

DISCUSSION CONCERNING 2003-2004 GENERAL FUND, AGENCY FOR COMMUNITY DEVELOPMENT, WATER SERVICES, SANITARY DISTRICT, AND COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) BUDGETS (CONTINUED) (F: 34.1)

Councilman/Member Tran commented regarding the Housing budget for next year. The City Manager/Director/General Manager noted that there is talk that the Federal Government will shift the housing money through the State and then it will go through the County. If it does go through the State, there will be less money for the people. We do not anticipate any growth in the Program next year.

Councilman/Member Leyes commented regarding the CDBG (Community Development Block Grant) funds. The City Manager/Director/General

Manager noted that one of the problems with CDBG money is it can only be used in target neighborhoods. Some of that money is used for Code Enforcement; however, we have to be careful that we meet the eligibility requirements since those funds are audited yearly.

Councilman/Member Tran inquired what impact the State budget will have on the Community Development Department. The Assistant City Manager/Assistant Director commented that three positions could be lost, depending on the impact of the State budget, with a bigger impact on the Agency. If the Agency cannot make its payments, then the City has the obligation to use General Fund money to make the payments.

In response to Councilman/Chairman/Member Rosen, the Personnel Director commented that the \$100,000 in Contingency can be carried over and used for recruitment and training.

Councilman/Member Tran inquired about the money that was in the budget last year to move the Council Chambers to the Courtyard Center. The City Manager/Director/General Manager commented that the money has not been used and may be needed to balance the budget.

Councilman/Chairman/Member Rosen inquired as to the average cost to broadcast City Council meetings. The City Manager/Director/General Manager commented that the average cost is \$1,500 per meeting. The cost is more if we use a different room than the Council Chamber.

The City Manager/Director/General Manager commented that we are underfunded with the depreciation of our infrastructure and based on GASB Rule 34, the City has to account for that and add it into the balance.

The City Manager/Director/General Manager also commented regarding restructuring the organization. He noted that the plan would encourage senior staff to retire which would allow the City to hire people at a lower salary. He anticipated savings of \$600,000 and 20 years to pay the cost. The savings will be used to balance the budget. He noted that other cities have used this program.

The City Manager/Director/General Manager commented regarding the Agency budget. He noted that Agency tax increment money cannot be spent on the Police Department for ongoing operations; however, the money can be used on programs.

Councilman/Member Leyes questioned whether the Agency debt includes refinancing. The City Manager/Director/General Manager responded that it does not.

Councilman/Chairman/Member Rosen commented regarding the Agency loan to the General Fund. The Finance Director commented that it is a new loan to finance the Agency budget for the next year.

The City Manager/Director/General Manager commented regarding the Water Budget. He noted that our cost to buy water is going up this year and we will be buying more expensive water from the Metropolitan Water District. We are having a trend where people are using less water; and the beginning balance keeps getting smaller even with the commodity adjustment. The revenue from water is not doing very well.

Regarding the Sanitary District Budget, the City Manager/Director/General Manager noted that there will be a public hearing on July 21 to hear protests on increasing the sewer rates. He commented that the Santa Ana Regional Water Quality Control Board only increased the costs to Orange County cities, which increased the cost to Garden Grove by \$624,000. The goal is not to have any spills that get to the waterway system. He indicated that Garden Grove was the only agency that raised issues and attended a number of meetings to obtain reasonable and rational methodology in their rules. Only 4% of the sewer lines have been televised, and the requirement is for 100%.

Councilman/Chairman/Member Rosen commented regarding Phase II construction of 20 single-family units on the south side of Garden Grove Boulevard and Rockinghorse Road and questioned whether there is any progress being made. The Assistant City Manager/Assistant Director commented that progress is very slow because of remediation of the soil. The Olson Company has not submitted the remediation plan to the Water Quality Control Board.

Councilman/Chairman/Member Rosen questioned whether the Olson Company will do the remediation. The Assistant City Manager/Assistant Director commented that it will have to be negotiated who will pay for it, and it will be offset on the purchase price.

The City Manager/Director/General Manager anticipates having the budget and the Master Fee Resolution adopted at the meeting of July 8, 2003.

ADJOURNMENT

At 7:55 p.m., the meeting was declared adjourned.

PRISCILLA STIERSTORFER
DEPUTY CITY CLERK/
DEPUTY SECRETARY