NOTICE

COMPTON CITY COUNCIL
AGENDA
Tuesday, April 26, 2016
5:30 PM

WORKSHOP

4:00 P.M. - WORKSHOP - BUDGET OVERVIEW OF FISCAL YEAR 2015-2016, ANALYSIS OF FISCAL YEAR BUDGET 2016-2017 AND PROPOSED DEPARTMENT REORGANIZATIONS

HEARING

5:35 P.M. - PUBLIC HEARING - TO RECEIVE COMMENTS ON THE PROPOSED SUBSTANTIAL AMENDMENT TO REPROGRAM HUD FUNDS

OPENING

MOMENT OF SILENCE

ROLL CALL

INTRODUCTION OF SPECIAL GUESTS

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

CONSENT AGENDA

Consent items are routine and expected to be non-controversial. They will be acted upon by the Council at one time without discussion unless a Council Member requests an item be removed or discussed.

APPROVAL OF MINUTES

1. APRIL 19, 2016

REPORTS OF OFFICERS AND COMMISSIONS

END CONSENT AGENDA

REGULAR AGENDA

REPORTS OF OFFICERS, BOARDS, COMMISSIONS AND COMMITTEES AND CITY COUNCIL

CITY MANAGER'S REPORT

2. A REQUEST TO SCHEDULE A PUBLIC HEARING TO RECEIVE COMMENTS ON THE PROPOSED ANNUAL ACTION PLAN FOR FISCAL YEAR 2016-2017 **(May 17, 2016 at 5:35 p.m.)**

3. REQUEST FOR APPROVAL REGARDING PROPOSED DEPARTMENT REORGANIZATIONS **(Action Item)**

CITY ATTORNEY'S REPORTS

CLOSED SESSION

4. PUBLIC EMPLOYMENT APPOINTMENT
   Title: City Controller
   Pursuant to California Government code Section 54957

   CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
   Bradford v. City of Compton, LASC Case Number TC026769
   Pursuant to California Government Code Section 54956.9(a)

UNFINISHED BUSINESS

NEW BUSINESS

APPROVAL OF WARRANTS

COUNCIL COMMENTS

ADJOURNMENT

NEXT REGULAR MEETING: Tuesday, May 03, 2016 @ 5:30 PM.

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CITY OF COMPTON

COMPTON CITY COUNCIL
WORKSHOP
Tuesday, April 26, 2016
4:00 P.M.

CALL TO ORDER

ROLL CALL OF THE CITY COUNCIL

CITY MANAGER'S PRESENTATION

1. FISCAL YEAR 2015-2016 BUDGET OVERVIEW, FISCAL YEAR 2016-2017 BUDGET ANALYSIS & PROPOSED DEPARTMENT REORGANIZATIONS

PUBLIC COMMENTS

COUNCIL COMMENTS

ADJOURNMENT

POSTED: April 21, 2016

#

April 26, 2016

TO: **HONORABLE MAYOR AND CITY COUNCIL MEMBERS**

FROM: **ROGER L. HALEY, CITY MANAGER**

SUBJECT: **FY 2015–16 BUDGET REVIEW AND FY 2016-2017 BUDGET ANALYSIS**

SUMMARY

The Honorable Mayor City Council will receive a FY 16 Budget Review and FY 17 budget analysis and presentation from the City Manager.

BACKGROUND

The FY 2015-16 budget is fraught with inconsistencies, including incorrect expenditure and revenue budgets. The City Manager's Office has identified many erroneous assumptions and budget calculations for the current fiscal year. These erroneous assumptions included inflating revenues by adding those that may have been anticipated, but were not fully operational at the time of budget adoption. Additionally, the current budget underestimated FY 16 expenditures in the amount of $1,810,121.

General Fund revenues were also overstated by $4,325,200. This report is provided to update the City Council on major issues discovered since the adoption of the FY 2015-16 approved budget. Additionally, this report addresses the financial needs and proposed organizational adjustments relating to the FY 2016-17 budget and provides an assessment of the financial condition of the City's General Fund to include both revenue and expenditure analysis. This report will also include recommendations and actions necessary to assist with moving toward a structurally balanced budget.

STATEMENT OF ISSUE

The Fiscal Year 2015-2016 budget was adopted with budgeted revenues meeting budgeted expenses. Although the current year budget appeared balanced, as noted previously, the current General Fund budget underreported expenditures and inflated revenues which represent significant risks to the City's ability to balance this year's budget as well as the FY 17 budget. Significant actions are now required to:

1. Balance this year's budget;
2. Fiscally prepare for prior year General Fund deficit liabilities; and
3. Acknowledge significant future liabilities.

To that end, staff plans to bring back to the Council a 5-year General Fund revenue and expenditure forecast, which will provide Council with a planning tool to adjust or accelerate their short and long term goals.

Budget Concerns for Fiscal Year 2015-2016 – (Expenditures)

As indicated previously, the FY 16 adopted budget is fraught with mistakes as follows;

1. Parking and Security Division:
    a. FY 15-16 Personnel Budget - $186,768
    b. FY 15-16 Personnel Budget should be $653,724 (difference $466,956)
2. Code Enforcement Division:
    a. FY 15-16 Personnel Budget - $492,408
    b. FY 15-16 Personnel Budget should be $676,620 (difference $184,212)
3. Code Enforcement Division:
    a. FY 15-16 Animal Control Contract Budget - $200,000
    b. FY 15-16 Animal Control Contract Budget should be $450,000 (difference $250,000)
4. Fire Department Overtime Budget:
    a. FY 15-16 Overtime Budget - $900,000
    b. Y-T-D Actual $1,728,953 (difference of $828,953)
5. General Services Department:
    a. FY 15-16 Electricity (Edison) Budget - $675,000
    b. FY 15-16 Electricity Budget should be $750,000 (difference of $75,000)
6. General Services Department:
    a. FY 15-16 Communication Budget - $465,000
    b. FY 15-16 Communication Budget should be $670,000 (difference of $205,000)

Budget Concerns for Fiscal Year 2016-2017 – (Expenditures)

1. Resolution #24,269 authorized an installment payment plan in connection with actions inconsistent with redevelopment plans of the former Community Redevelopment Agency. The annual payment is due August 1, 2016 in the amount of $1,000,000.

2. Resolution #23,422 authorized interest only payments from the Bond proceeds from FY 11-12 through FY 14-15. Resolution #24,211 authorized the principal and interest payment for FY 15-16 be made from the Bond Proceeds. The first payment for FY 16-17 is due September 1, 2016 from the General Fund in the amount of $2,829,318.75. The second payment is due on March 1, 2017 in the amount of $1,076,568.75 for a fiscal year total of $3,905,887.50.

3. The 2008 Lease Revenue Bonds will be refunded in approximately one month. This should yield annual savings that will help relieve stress on the General Fund. Actual numbers are not known as the refunding process is currently underway.

4. The Water and Sewer Bonds will be refunded in approximately one month. This action should yield annual savings that will help relieve stress on the General Fund. Actual numbers are not known as the refunding process is currently underway.

Budget Issues for Fiscal Year 2015-2016 – (Revenues)

Revenue Item	Comments	Projected Amount	YTD Actual
Trash Contract Renewal	City Council to take action and approval	$ 500,000	0
Bingo Revenue	City Management to take action to generate the revenue	350,000	0
Rent - Senior Center	Additional Revenue for new senior center	25,000	0
Development Impact Fee - Brick Yard	Jackie Robinson Stadium	350,000	45,000
Tow Trucks Fee	City Management to take action to generate the revenue	250,000	0
City Wide Fee Enchantments	City Management to take action to generate the revenue	615,000	0
Trash Transfer Station Fee	Requires Council approval and contract with the Trash Company ($27,300 / month for 6 months)	163,800	0
Park Repayment	Repayment to General Fund for Prior Year Purchase	266,400	0
Development Impact Fee -Brick Yard	Enhancements to Careerlink for Training	225,000	225,000
Development Impact Fee -Brick Yard	Enhancements for Central Avenue	250,000	250,000
Cost Allocation	Cost Allocation from other funds	1,850,000	
	Total	**$ 4,845,200**	**$ 520,000**

Past Liabilities

On December 20, 2011 the City adopted Resolution No. 23,447 acknowledging the General Fund's $41,921,071 deficit derived from years of internal borrowing. The deficit(s) included over $32,000,000 in deficit spending and an additional $9,000,000 in assets owed to the former Compton Redevelopment Agency. The Fiscal Year 2009-2010 Auditor acknowledged the City could treat the amount owed as a long term dept to be repaid over a 20 year period. On June 17, 2014, the City adopted Resolution No. 23,970 which approved a repayment schedule for a 15 year period. The City's General Fund made a $2.5 million dollar payment in Fiscal Year 2015-2016 and is scheduled to make a 3.0 million dollar payment next fiscal year. As the General Fund is the major fund of the City, the City may want to revisit the amount paid from the General Fund to repay this deficit.

In summary, the Council must take additional steps to address past deficit spending and further increase revenues and reduce expenditures in preparation for significant budget increases in Fiscal Year 2016-2017.

Five Year Budget Outlook

Once the Fiscal Year 2015-2016 budget is balanced, we can then begin to create a framework to begin preparation of the Fiscal Year 2016-2017 budget and plan for future budget cycles to ensure that the City is in a better position moving forward. In future budget hearings staff will prepare a five year revenue and expenditure forecast which will provide a financial strategy roadmap that the City will need to execute to ensure continued balanced budgets and meet long term debt service obligations.

Proposed Reorganization

As the City seeks to provide exceptional customer service to its residents, citywide reorganizations should only be established for efficiency and effectiveness purposes. Additionally, departments or divisions that have similar tasks should be grouped together for efficiency purposes as well. As expected, departments and divisions are usually joined together as they have similar goals and objectives and have synergistic quality towards mutual goals. To this end I am proposing the following reorganization:

- Code Enforcement - from City Attorney to City Manager
- Risk Management - from City Attorney to City Manager
- Workers Compensation - from City Attorney to City Manager
- Reprographics - from City Clerk to City Manager

Preliminary approval is requested by the Council to properly prepare regarding these proposed changes for the FY 2016-17 Budget. If approved, the City will meet and confer with various unions as appropriate prior to budget adoption.

FISCAL IMPACT

Staff will bring additional information as it is discovered to prepare a detailed budget analysis for Council review and consideration in the next budget hearing.

RECOMMENDATIONS

Staff recommends that the Mayor and City Council review the staff report relating to the FY 2015-2016 and FY 2016-2017 budget information and provide staff with direction regarding recommendations relating to the proposed reorganization plan for FY 2016-2017.

ROGER L. HALEY
CITY MANAGER

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APRIL 19, 2016

The City Council meeting was called to order at 5:38 p.m. in the Council Chambers of City Hall by Mayor Aja Brown. The Pledge of Allegiance and Moment of Silence ceremonies were also led by Mayor Aja Brown.

ROLL CALL

Council Members Present: **Zurita, Galvan, McCoy, Sharif, Brown**
Council Members Absent: **None**

Other Officials Present: **C. Cornwell, A. Godwin, R. Haley**

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

Bishop Guillory, Compton resident, solicited the City Council and community members to participate in a "Peace March" scheduled to be held Sunday, April 24, 2016 at Rosecrans and Central Avenue in response to a rash of gang-related shootings in the area. He also asked that the voting community consider supporting Measure P; as it assists the City in obtaining the resources needed to repair the streets.

Lisa Carter-Sherow, Compton resident, reminded everyone of her appearance at last week's City Council meeting wherein she requested the status of Councilperson Galvan's promise to her daughter Eunique Sherow. Today, she commended Mr. Muhammad and his wife from Explorer One Ambulance and Medical Services Company for gifting her daughter with season passes to Universal Studios in recognition of her perfect attendance and 4.0 grade point average.

Eunique Sherow, Lisa Carter's daughter, forgave Councilperson Galvan for not fulfilling his promise to her and later expressed her appreciation to Mr. Muhammad and his wife for gifting her with season passes to Universal Studios.

Councilperson Galvan apologized to Eunique for the miscommunication and declared that he would uphold his promise upon proof of her perfect attendance record.

Sharon Johnson, manager of the Compton library, invited prospective entrepreneurs to attend and participate in a small business event scheduled to be held at the Compton Library on Saturday, April 23, 2016 at 10 a.m. Attendees must RSVP to this event by calling (310) 637-0203 or sending an email to concierge@dcba.lacounty.gov.

Artra Wynn, Compton resident, petitioned the City Council to vote no on Item No. 7; and further articulated her concerns for the City's fiscal stability.

Richard Earl, member of the Concerned Citizens Committee, petitioned the City Manager to perform an audit on the Council's travel expenditures; and specifically asked that the audit be brought before the public with the name of the person who traveled, and when the travel occurred.

Marcus Musante, attorney, adamantly stated that it is futile for the City to raise its sales taxes and then expect businesses to come to Compton after a $15/hour wage increase was recently approved by the state of California. He went on to question why the City is not taking advantage of its gas taxes and why the City is not hiring grant writers to tell Senator Hall and Congress that the City's roads are in disrepair. He accused Mayor Brown of helping Senator Hall through the forgiveness of the Alameda Court loan and alleged that he lives there for free. Mr. Musante also asked that the City Council address why they are proposing to forgive this loan and then increase the sales taxes to fix the City's streets.

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Mike Chattom, National Association for Equal Justice in America (NAEJA), expressed a concern for the hiring program associated with the Community Legal Resource Center; and subsequently encouraged local residents over the age of 18 to apply for DWP job opportunities at the IBEW located at 4189 West Second Street. He further inquired about the solvability of crimes committed in Compton and what the detectives are doing about these cases. And lastly, he referenced Councilperson Zurita's comments last week regarding public safety and asked for better lighting at the proposed Wal-Mart site.

Benjamin Holifield, Compton resident and president of the Compton Business Chamber, intently stated that the best way to stop a bullet is through jobs. He questioned where the churches are and asked that a preacher be present to provide the invocation before every City Council meeting. He requested clarification on the use of the Dollarhide Neighborhood Center and questioned why some people are charged, some can use it for free, and others are simply discouraged.

Nanette Barragam, former councilperson and congressional candidate for California's 44th District, spoke in opposition to Item No. 7; citing a concern for the City's proposal to forgive a loan of $2.3M in tax-payer dollars. She stated that after pulling the agenda item, she observed a lack of supporting documentation justifying the request to forgive the loan. She affirmed that what is more troubling, is that the $2.3M is to a developer who has a lawsuit filed against him from the residents. She demanded answers and questioned where the elected officials are that stand up for the people. She further inquired about other developers who receive the same treatment, and if there are any political motivations related to this proposed action.

Councilperson Galvan implored Nanette Barragam to respect the City Council especially if she expects to be a congressperson and work with the local government.

Mayor Brown agreed with the sentiments expressed by Councilperson Galvan and noted that she would never as a resident, business owner, or elected official, go to a city and make accusations against that City Council without getting all of the facts because it is disrespect to the City Council and residents that live in that City.

Lynn Boone, Compton resident, stated that Item No. 7 should be addressed under the Successor Agency. She also petitioned the City Council to abstain or vote no on Item No. 7; alleging that Senator Hall has been living there for free since he was a councilperson and because none of the current elected officials were on the dais when the loan was first addressed. She indicated that the background documentation is limited to four pages and that there was no information suggesting that a presentation would be held addressing this item. She went on to address Item No. 6 and maintained that the festival is not for the citizens of Compton because there are signs posted in Inglewood about this event. She inquired about the contract, insurance documents, reimbursements for the event, Mayor Brown's travel (Item No. 5) and Councilperson Galvan's awareness of City issues, participation, and attendance at City Council meetings.

Mayor Brown asked the City Manager to bring back an item that addresses the City's travel policy.

David Irons, Compton resident, expressed a concern for the City's actions to remove the community gardens at the corner of Central and Compton Boulevard. He also inquired about why he was asked to remove his garden when Board of Supervisor Mark Ridley-Thomas is preparing to construct community gardens in various vacant lots. He asked that Parks and Recreation do a better job at removing graffiti and maintained that he is disappointed by the way in which the Cesar Chavez monument is being maintained.

Maria Villareal, Compton resident and representative of the Latino Chamber of Commerce, requested an opportunity to work with the City to remove graffiti from the businesses located on Rosecrans and Wilmington Boulevard from El Segundo to Compton Boulevard. She requested information regarding the City's First-Time Homebuyers program and articulated her support for the proposed Cinco De Mayo Celebration (Item No. 6), a Latino-inspired event in Compton.

Councilperson Zurita requested a meeting between the City Attorney and City Manager to discuss graffiti removal in the First District.

CONSENT AGENDA

On motion by Zurita, seconded by Sharif, the Consent Agenda was approved, by the following vote on roll call:

AYES: Council Members - Zurita, Galvan, McCoy, Sharif, Brown
NOES: Council Members - None
ABSENT:Council Members - None

APPROVAL OF MINUTES

1. APRIL 12, 2016 **(Approved)**

CITY MANAGER/CITY ATTORNEY/CITY TREASURER REPORTS

2. INVESTMENT REPORT - FEBRUARY 2016 **(Received/Filed)**

END CONSENT AGENDA

REGULAR AGENDA

CITY MANAGER'S REPORT

3. REQUEST TO SCHEDULE BUDGET WORKSHOP AND PUBLIC HEARINGS FOR THE FISCAL YEAR 2016-2017 (Workshop - April 26, 2016 at 4:00 p.m.) (Hearings - May 17, 2016 at 5:35 p.m., June 14, 2016 at 5:35 p.m. and June 28, 2016 at 5:35 p.m. if necessary)

On motion by Zurita, seconded by Sharif, the workshop and budget hearings were approved, by the following vote on roll call:

AYES: Council Members - Zurita, Galvan, McCoy, Sharif, Brown
NOES: Council Members - None
ABSENT:Council Members - None

4. FIRE DEPARTMENT EMERGENCY PREPAREDNESS/COMPLIANCE (Discussion)

City Manager Haley requested a brief summary on the emergency preparedness exercises developed by the Fire Department.

Bryan Batiste, Deputy Fire Chief, introduced Stacy Barnes, the City's Emergency Preparedness Manager/Coordinator.

Stacey Barnes, Emergency Preparedness Manager/Coordinator, advised the City Council on the following processes and procedures conducted since August 2015. 1) City departments and staff members with emergency operation center responsibilities were asked to complete a five-week training to remind them of what their duties are in the event of an emergency. 2) City-wide drill conducted on El Nino preparedness. 3) The Fire department offered three additional training sessions to the Public Works department on El Nino specific responses and preparedness. 4) The Fire department offered disaster finance training to the finance departments. 5) The Fire department offered shelter training to Parks & Recreations through the Red Cross. The schedule for 2016 is as follows: Continuing individual section training and conduct larger City-wide Drill in the Fall of 2016.

Councilperson Zurita requested the number of people already registered with the City's 911 Emergency phone system. Ms. Barnes stated that 29,425 residents have registered their phone numbers with the system.

Mayor Brown recommended a City-wide drill and plan that incorporates the City's churches, non-profit organizations, and block club groups.

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Councilperson Sharif inquired about emergency preparedness kits for the Poinsettia Block Club.

Ms. Barnes remarked that their budget does not allow for them to provide emergency supply kits. She also noted that she would love to come out and speak with them and tell them how they can build their own kits for an affordable price.

Councilperson McCoy questioned if the information is publicly posted. Ms. Barnes answered that the information is posted on the City's website under the Fire Department.

Mayor Brown reiterated her request for the City to be aggressive with the City's emergency preparedness plan, and if there are resources and grants available, Mayor Brown asked that the City be proactive in applying for those resources.

Ms. Barnes requested an appointment with Mayor Brown to explain a more targeted outreach partnership project with Red Cross.

Bryan Batiste, Deputy Fire Chief, addressed the Fire Department's compliance in terms of their Emergency Medical Service (EMS) program. Mr. Batiste stated that in the Fall of 2014, the Fire department underwent their annual audit through the Department Of Health Services; and as a result, it was determined that they were out of compliance with their smart defibrillators and that a number of their first responders had expired emergency medical technicians (EMT) certifications. Staff was able to get their defibrillators back on their apparatus' after three days and in the Spring of 2015, 10 out of 11 first responders had completed classes at Compton College and were certified with their EMT license.

Councilperson Zurita requested a written report regarding the notice the Fire department received from the County of Los Angeles; as well as the policies in place to ensure that this does not happen again.

Mr. Batiste stated that the uncertified employees were issued a letter indicating that it is their responsibility to maintain their certification.

Councilperson Zurita stated that she is concerned about the way in which technology and resources are used within the Fire Department and further reiterated her request for a written report on the notice the Fire Department received from the County of Los Angeles.

Mayor Brown requested the process for which the City receives reimbursements for servicing the population.

Mr. Batiste stated that the City has a contract with a third party billing company to electronically process reimbursements.

Mayor Brown requested the person responsible for managing and overseeing the reimbursement process. Mr. Batiste replied that he manages the process along with Ms. Stacy Barnes.

Mayor Brown asked that the Fire department come back with a five-year comparison/projections presentation during the budget process stipulating how much money the City has collected in reimbursements from insurance companies.

CITY ATTORNEY REPORTS - There were no reports from the City Attorney.

UNFINISHED BUSINESS - There was no Unfinished Business.

NEW BUSINESS

5. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON REVISING THE CITY OF COMPTON'S EXPENSE AND REIMBURSEMENT POLICY AND RESCINDING RESOLUTION NO. 22,083

It was moved by Zurita, seconded by McCoy, for discussion.

Councilperson Zurita asked the City Manager to read the changes to the expense and reimbursement policy.

Roger Haley, City Manager noted that the City Attorney's Office would be better equipped to handle this item.

Ruth Rugley, Chief Deputy City Attorney, explained that the revised version of the travel policy adds additional guidance as to the types of expenses that may be reimbursed, or otherwise pre-authorized by the City Council.

Councilperson Zurita questioned whether or not she will be reimbursed for utilizing her own credit card to pre-pay for conferences and lodging. Ms. Rugley replied affirmatively noting that she simply needs to fill out the expense report form and provide documentation.

Mayor Brown stated that as long as the City adopts the budget with travel as a line item, and council does not exceed that budget, travel requests do not have to come before this Body.

Councilperson Galvan maintained that the conferences are very informative and that the sessions start at 8 a.m. and pose as networking opportunities to better the City.

Mayor Brown encouraged anyone with issues or questions regarding her whereabouts and travel to call her at (310) 605-5597 or email her at ajabrown@comptoncity.org. Mayor Brown also noted that she has never used the City's resources to travel other than once when the City Manager's Office booked a trip for them to New York to advocate on behalf of the City to restore our credit rating.

On motion by Zurita, seconded by McCoy, **Resolution # 24,331** entitled **"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON REVISING THE CITY OF COMPTON'S EXPENSE AND REIMBURSEMENT POLICY AND RESCINDING RESOLUTION NO. 22,083"** was approved, by the following vote on roll call:

AYES: Council Members - Zurita, Galvan, McCoy, Sharif, Brown
NOES: Council Members - None
ABSENT:Council Members - None

6. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON APPROVING IN-KIND CONTRIBUTIONS IN SUPPORT OF THE 2016 CINCO DE MAYO FAMILY FESTIVAL ON MAY 6 - 8, 2016

It was moved by Zurita, seconded by Galvan, for discussion.

Councilperson Galvan stated that he noticed that within the last three years, the City lacked any real celebrations that recognize Mexican holidays; so he solicited his friend and television show personality Jose Luis to host a Cinco De Mayo event in Compton during the month of May 2016. Mr. Galvan noted that 35% of all proceeds generated from the three day event will be donated to the Compton Parks and Recreation and that he agreed to work with any non-profit organization to have a booth during the event. He confirmed that beer and wine will be sold in the VIP section and the vendor has agreed to work with the Sheriff's and have an additional 50-person private security service.

Mayor Brown requested a brief summary as to how the three-day event will be conducted.

City Manager Haley announced that this event will be the "First Annual Family Cinco De Mayo Festival" to occur on May 6-8, 2016 at the Compton Par 3 Golf Course. The dates and times requested are as follows: May 6, 2016 from 6 p.m. to 9 p.m., May 7, 2016 from 12 p.m. to 10 p.m., and May 8, 2016 from 12 p.m. to 8 p.m. The producers are anticipating approximately $200,000 in revenues over the course of the three day festival, and they will also be covering 100% of City staffing costs and donating 35% net revenue to Parks and Recreation youth programs.

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Councilperson Sharif asked the City Manager if the City is required to pay any upfront costs for law enforcement and staffing cost. City Manager Haley answered that there will be no upfront cost to the City even though City staff will be available at the event. Additionally, Mr. Haley stated that the City is hoping that by the time they are reimbursed, they can reimburse the City's General Fund in order to pay the city employees participating in this event.

Douglas Sanders, City Treasurer, asked the City Manager if he has a list of the vendors that will be licensed to sell products and food items on the golf course. Mr. Sanders also recommended that the City Council request an advanced fee or deposit from the production company to lease the property.

Councilperson Zurita expressed a concern for adequate security, 100% sponsorship of staff costs, parking, and making sure the property is not damaged.

Mr. Jose Luis assured Councilperson Zurita that his production company will be taking care of security, staffing costs, parking, and the condition of the greens.

Councilperson Zurita requested the entry fee for Compton residents and non-residents. Councilperson Galvan stated that all attendees will be admitted for free. Mr. Luis also noted that funds will be obtained from major sponsors of the event which should be confirmed within a couple of days.

Councilperson Zurita requested the cost of the booth fee. Mr. Luis remarked that the booth fee will be free as well.

Councilperson Sharif inquired about how the City will pay over $135,000 in the event enough funds are not generated.

Mayor Brown asked the City Manager if there is a contract that stipulates when the production company is supposed to be paying for staffing costs; and whether or not the City will be reimbursed for Sheriff's services or if the organization will be paying the Sheriff's department directly for their services.

City Manager Haley confirmed that the City will be reimbursed for all costs.

Councilperson Sharif asked the City Manager if he considered requesting an upfront fee or deposit from the production company in the event adequate revenues are not received.

City Manager Haley stated that it is the prerogative of the council to make that request.

Councilperson Galvan spoke in support of the resolution and agreement as it is currently written.

Councilperson Sharif stated that she supports the event however she believes the City Treasurer's suggestions should be taken into consideration.

Mayor Brown asked the City Manager if he discussed the stipulations of a contract with the City Attorney.

City Attorney Cornwell stated that he added a stipulation to the resolution that states that if it is passed, the City Manager will be authorized to enter into a contract.

City Attorney Cornwell also noted that the resolution also requires the production company to have insurance naming the City of Compton as an additional insured.

Councilperson Zurita asked the City Attorney if this resolution has all of the necessary requirements to develop a contract. City Attorney Cornwell replied affirmatively.

Mayor Brown asked that the contract include stipulations for reimbursements for staffing and security costs.

Councilperson Zurita questioned why previous events were not required to have contract stipulations.

Mayor Brown requested the implementation of a policy that requires a contract for anything over $50,000.

Councilperson McCoy indicated that a policy already exists in the City's standard operating manual.

Mayor Brown requested an item on the agenda that revisits that policy.

On motion by Zurita, seconded by Galvan, **Resolution # 24,332** entitled **"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON APPROVING IN-KIND CONTRIBUTIONS IN SUPPORT OF THE 2016 CINCO DE MAYO FAMILY FESTIVAL ON MAY 6 - 8, 2016"** was approved, by the following vote on roll call:

AYES: Council Members - Zurita, Galvan, McCoy, Sharif, Brown
NOES: Council Members - None
ABSENT:Council Members - None

7. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON, ACTING IN ITS CAPACITY AS THE HOUSING SUCCESSOR TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, FORGIVING A LOAN FROM THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON TO ALAMEDA COURT, LLC, CANCELING THE PROMISSORY NOTE EVIDENCING THE LOAN AND RECONVEYING THE DEED OF TRUST SECURING THE LOAN

It was moved by Galvan, seconded by Brown (who stepped from the Chair), for discussion.

Mayor Brown requested an introduction to this item.

City Attorney Cornwell clarified that with the dissolution of Community Redevelopment Agencies (CRA), the City took the housing projects and the Successor Agency has the commercial projects. Moreover, for the past year and a half the developer has made two requests for this item, and as the Mayor mentioned multiple requests have been made from Alameda Court tenants for relief.

<u>BACKGROUND</u>

A lot has happened with this project over the years. Negotiations started in 2005 during the height of the real estate bubble. There were very optimistic projections for this 28-unit townhome project with projections of selling each home between $345,000 and $429,000. In 2007, the Disposition and Development Agreement (DDA) was entered into for a purchase price of $1.3M. The first issue arose in 2008, when the Urban Community Development Commission (UCDC) approved the General Counsel to investigate Long-Term Care Affordable Housing Corporation who was a partner with Alameda Court. There were allegations that came out against the president of SEUI Tyrone Freeman at the time, so the project was stopped to make certain that the allegations did not affect it. The result of the investigation was that there was no wrongdoing with the project.

Long-term Care Housing Corporation was removed from Alameda Court and there was a public hearing and a first amended to the DDA occurred and then the project continued. It is important to note that between 2008-2010 the property was vacant and the city was in jeopardy of having a blighted project. At that time, the developer came to UCDC requesting a $2.3M loan from the 2010 tax allocation bond for the purposes of reducing the purchase price of the homes to affordable-moderate income levels for First-Time Homeowners and to prevent the property from being vacant and blighted. The contract was signed on January 20, 2011, and later that year the developer asked UCDC to subordinate to a $2.2M 12-month loan. That request was denied. In first position, is a construction loan from Far East National Bank in the amount of $4.7M with accrued interest in approximately $1.5M. The City sits in second position with the $2.3M loan. If the funds are paid back, the funds will be dedicated to affordable housing. If the first forecloses, chances are high that the second will be wiped out. If the City forecloses, the City must assume the first construction loan. One of the more important issues to consider is that the

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funds used were determined to be tax-exempt bonds which indicates a private activity restriction. $80M was issued in these types of bonds and only five percent can be used for fair market projects; so it is quite reasonable and within the definition of these funds, that in the first instance these funds can be forgivable monies. If the City forgives this loan, it will assist the City is meeting its five percent obligation. From the City's perspective and tenant's perspective this project is overly-leveraged; if these homes (only one is sold, 27 units are rented) are sold at $250,000 that will equal $6.7M. The developer has not sold the units and the tenants that were brought into this development were brought in with a lease and option to purchase the home. Once the sale did not happen, their tenancy was turned into a month-to-month rental. A group of tenants are extremely upset with the outcome, and some with the developer for the lack of maintenance and upkeep of the property.

Mayor Brown stated that regardless of whether or not the City forgives this loan the developer is not going to own the property, the tenants became renters, and the tax allocation bonds were supposed to provide for affordable home-ownership. If the funds are forgiven, the tenants can acquire their homes at an affordable rate and the funds will be set aside in a Successor Agency account.

Councilperson Sharif stated that she does not understand why the City would give a loan to development that had issues early on.

City Attorney Cornwell remarked that at the time, the City had a 28-unit development that was very nice and vacant; but escrow companies had stopped dealing with redevelopment agencies because they were unsure as to how the law would treat their transaction.

On motion by Galvan, seconded by Brown, **"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON, ACTING IN ITS CAPACITY AS THE HOUSING SUCCESSOR TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, FORGIVING A LOAN FROM THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON TO ALAMEDA COURT, LLC. CANCELING THE PROMISSORY NOTE EVIDENCING THE LOAN AND RECONVEYING THE DEED OF TRUST SECURING THE LOAN"** was denied, by the following vote on roll call:

AYES: Council Members - Galvan
NOES: Council Members - Zurita, McCoy, Sharif, Brown
ABSENT:Council Members - None

Councilperson Galvan requested a motion to reconsider his vote.

On motion by Zurita, seconded by Galvan, to reconsider the item, by the following vote on roll call:

AYES: Council Members - Zurita, Galvan, McCoy, Sharif, Brown
NOES: Council Members - None
ABSENT:Council Members - None

Mayor Brown commented that her reason for voting no is to hopefully bring this item back and resolve it at a later date.

On motion by McCoy, seconded by Brown, **"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON, ACTING IN ITS CAPACITY AS THE HOUSING SUCCESSOR TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, FORGIVING A LOAN FROM THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON TO ALAMEDA COURT, LLC, CANCELING THE PROMISSORY NOTE EVIDENCING THE LOAN AND RECONVEYING THE DEED OF TRUST SECURING THE LOAN"** was denied, by the following vote on roll call:

AYES: Council Members - None
NOES: Council Members - Zurita, Galvan, McCoy, Sharif, Brown
ABSENT:Council Members - None

APPROVAL OF WARRANTS - There were no warrants to be approved.

COUNCIL COMMENTS

Councilperson Zurita offered the following communications/announcements:

- Requested an update on the speedometer flashing lights.

- “First District Townhall Meeting” will be held Wednesday, April 20, 2016 from 6:30 p.m. to 7:30 p.m. at Gonzales Park.

- "Autism Awareness Community Fun Day" will be held Saturday, April 23, 2015 from 11 a.m. to 4 p.m. at the Compton Y.A.L. For more information please call the Compton Sheriff's Station at (310) 605-6500.

- "Third Annual Autism Swim Club" will begin Saturday, June 11, 2016. The classes will be held every Saturday morning from 9 a.m. to 10:30 a.m. until August 13, 2016.

- Thanked the City Manager for finally giving her a report on the surveillance cameras.

Meeting adjournments
Edward B. Johnson
Juan Robinson

Councilperson Galvan offered the following communications/announcements:

- Requested an update on the installation of park and playground equipment at Lueders Park and Wilson Park.

    - **Marvin Hunt**, Director of Parks and Recreation, remarked that the notification bid was released in March 2016 for Lueders Park which will authorize a walking trail, exercise equipment, playground enhancements, trash cans, picnic benches, shade shelters, and barbecue pits to be completed by September 2016.

- Requested brighter lighting around the proposed Wal-Mart site.

- Advised the citizens to be wary of people coming up to the podium and making disparaging remarks about the members of this Body.

- Instructed the City Manager to ensure that the Cesar Chavez memorial on Willowbrook Avenue is regularly maintained.

Meeting adjournment
The people affected by the earthquake in Ecuador

***Councilperson Zurita exited the meeting at 8:13 p.m.**

Councilperson McCoy offered the following communications/announcements:

- Thanked everyone that attended the Third District Townhall meeting held last Thursday.

- Recognized Councilperson Zurita and Compton Unified School District Board President Satra Zurita for their efforts to make Stacy Gray's Memorial a success.

- Wished Mayor Brown a Happy Birthday.

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Councilperson Sharif offered the following communications/announcements:

- "Celebration of Music for Autistic Children" will be held Sunday, April 24, 2016 at Kelly Park from 12 p.m. to 4 p.m. Kids can enjoy art workshops, music, face painting, sports activities, and social skill building.

***Councilperson Galvan exited the meeting at 8:13 p.m.**

- Commented on the success of the First United Methodist Church Fashion Show held last Saturday.

- CCUNAT will be hosting a "Community Breakfast for Pastors, Clergy, and Community" on Saturday, April 30, 2016 at 9 a.m. at the Dollarhide Community Center. To RSVP, please call (310) 631-8611. Seating is limited.

Mayor Brown offered the following communications/announcements:

- "A Peace Walk" will be held Sunday, April 24, 2016 at 12:30 p.m. beginning at Rosecrans and Central and ending at Lueders Park.

- Applications are still available for the Young Ladies Empowerment Initiative. The deadline is April 23, 2016. For more information please call (310) 605-5597 or email Mayor Brown at contactmayor@comptoncity.org.

- Requested the status of the City's Customer Service brochure.

    - **City Manager Haley** remarked that staff should be finished with the final draft in a couple of weeks.

- Made the citizens aware of Metro's Sales Tax Measure going on the November ballot which proposes to fund additional transportation improvements. Asked that citizens consider approving the City of Compton's One Cent Sales Tax Measure to ensure that 100% of those funds stay in the City of Compton so as to benefit the streets, lights and parks.

<u>Resident Concerns</u>
Repair a pothole at 2622 West Caldwell Street
Trash has not been picked up for days in front of 810 West Compton Boulevard (Multi-unit housing complex)

ADJOURNMENT

On motion by McCoy, seconded by Sharif, the meeting was adjourned at 8:32 p.m. in memory of **Edward B. Johnson**, **Juan Robinson**, and the **victims of the Ecuador Earthquake**, by the following vote on roll call:

AYES: Council Members - McCoy, Sharif, Brown
NOES: Council Members - None
ABSENT: Council Members - Zurita, Galvan

____
City Clerk of the City of Compton

____
Mayor of the City of Compton

RESOLUTION SIGN-OFF FORM

DEPARTMENT: **City Management**

RESOLUTION TITLE: **REQUEST A PUBLIC HEARING TO RECEIVE COMMENTS ON THE PROPOSED ANNUAL ACTION PLAN FOR FISCAL YEAR 2016-2017**

<ManagersName> **<ManagersDate>**
DEPARTMENT MANAGER'S SIGNATURE DATE

REVIEW / APPROVAL

<LegalName> **<LegalDate>**
CITY ATTORNEY DATE

<ControllerName> **<ControllerDate>**
CITY CONTROLLER DATE

<CityManager> **<CityManagerDate>**
CITY MANAGER DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney's review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

#2.

April 26, 2016

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: ROGER L. HALEY, CITY MANAGER

SUBJECT: A REQUEST TO SCHEDULE A PUBLIC HEARING TO RECEIVE COMMENTS ON THE PROPOSED ANNUAL ACTION PLAN FOR FISCAL YEAR 2016-2017

The City of Compton, as a direct entitlement community to the U.S. Department of Housing and Urban Development (HUD), is required to hold public hearings to receive input from residents on proposed funding allocations for CDBG, HOME, and ESG projects and activities. Therefore, in order to notify the public about the proposed Annual Action Plan, a public hearing is requested for **Tuesday, May 17, 2016 at 5:35pm**.

ROGER L. HALEY
CITY MANAGER

April 26, 2016

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: ROGER L. HALEY, CITY MANAGER

SUBJECT: FY 2015–16 BUDGET REVIEW AND FY 2016-2017 BUDGET ANALYSIS

SUMMARY

The Honorable Mayor City Council will receive a FY 16 Budget Review and FY 17 budget analysis and presentation from the City Manager.

BACKGROUND

The FY 2015-16 budget is fraught with inconsistencies, including incorrect expenditure and revenue budgets. The City Manager's Office has identified many erroneous assumptions and budget calculations for the current fiscal year. These erroneous assumptions included inflating revenues by adding those that may have been anticipated, but were not fully operational at the time of budget adoption. Additionally, the current budget underestimated FY 16 expenditures in the amount of $1,810,121.

General Fund revenues were also overstated by $4,325,200. This report is provided to update the City Council on major issues discovered since the adoption of the FY 2015-16 approved budget. Additionally, this report addresses the financial needs and proposed organizational adjustments relating to the FY 2016-17 budget and provides an assessment of the financial condition of the City's General Fund to include both revenue and expenditure analysis. This report will also include recommendations and actions necessary to assist with moving toward a structurally balanced budget.

STATEMENT OF ISSUE

The Fiscal Year 2015-2016 budget was adopted with budgeted revenues meeting budgeted expenses. Although the current year budget appeared balanced, as noted previously, the current General Fund budget underreported expenditures and inflated revenues which represent significant risks to the City's ability to balance this year's budget as well as the FY 17 budget. Significant actions are now required to:

1. Balance this year's budget;
2. Fiscally prepare for prior year General Fund deficit liabilities; and
3. Acknowledge significant future liabilities.

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To that end, staff plans to bring back to the Council a 5-year General Fund revenue and expenditure forecast, which will provide Council with a planning tool to adjust or accelerate their short and long term goals.

Budget Concerns for Fiscal Year 2015-2016 – (Expenditures)

As indicated previously, the FY 16 adopted budget is fraught with mistakes as follows;

1. Parking and Security Division:
    a. FY 15-16 Personnel Budget - $186,768
    b. FY 15-16 Personnel Budget should be $653,724 (difference $466,956)
2. Code Enforcement Division:
    a. FY 15-16 Personnel Budget - $492,408
    b. FY 15-16 Personnel Budget should be $676,620 (difference $184,212)
3. Code Enforcement Division:
    a. FY 15-16 Animal Control Contract Budget - $200,000
    b. FY 15-16 Animal Control Contract Budget should be $450,000 (difference $250,000)
4. Fire Department Overtime Budget:
    a. FY 15-16 Overtime Budget - $900,000
    b. Y-T-D Actual $1,728,953 (difference of $828,953)
5. General Services Department:
    a. FY 15-16 Electricity (Edison) Budget - $675,000
    b. FY 15-16 Electricity Budget should be $750,000 (difference of $75,000)
6. General Services Department:
    a. FY 15-16 Communication Budget - $465,000
    b. FY 15-16 Communication Budget should be $670,000 (difference of $205,000)

Budget Concerns for Fiscal Year 2016-2017 – (Expenditures)

1. Resolution #24,269 authorized an installment payment plan in connection with actions inconsistent with redevelopment plans of the former Community Redevelopment Agency. The annual payment is due August 1, 2016 in the amount of $1,000,000.

2. Resolution #23,422 authorized interest only payments from the Bond proceeds from FY 11-12 through FY 14-15. Resolution #24,211 authorized the principal and interest payment for FY 15-16 be made from the Bond Proceeds. The first payment for FY 16-17 is due September 1, 2016 from the General Fund in the amount of $2,829,318.75. The second payment is due on March 1, 2017 in the amount of $1,076,568.75 for a fiscal year total of $3,905,887.50.

3. The 2008 Lease Revenue Bonds will be refunded in approximately one month. This should yield annual savings that will help relieve stress on the General Fund. Actual numbers are not known as the refunding process is currently underway.

4. The Water and Sewer Bonds will be refunded in approximately one month. This action should yield annual savings that will help relieve stress on the General Fund. Actual numbers are not known as the refunding process is currently underway.

Budget Issues for Fiscal Year 2015-2016 – (Revenues)

Revenue Item	Comments	Projected Amount	YTD Actual
Trash Contract Renewal	City Council to take action and approval	$ 500,000	0
Bingo Revenue	City Management to take action to generate the revenue	350,000	0
Rent - Senior Center	Additional Revenue for new senior center	25,000	0
Development Impact Fee - Brick Yard	Jackie Robinson Stadium	350,000	45,000
Tow Trucks Fee	City Management to take action to generate the revenue	250,000	0
City Wide Fee Enchantments	City Management to take action to generate the revenue	615,000	0
Trash Transfer Station Fee	Requires Council approval and contract with the Trash Company ($27,300 / month for 6 months)	163,800	0
Park Repayment	Repayment to General Fund for Prior Year Purchase	266,400	0
Development Impact Fee -Brick Yard	Enhancements to Careerlink for Training	225,000	225,000
Development Impact Fee -Brick Yard	Enhancements for Central Avenue	250,000	250,000
Cost Allocation	Cost Allocation from other funds	1,850,000	
	Total	**$ 4,845,200**	**$ 520,000**

Past Liabilities

On December 20, 2011 the City adopted Resolution No. 23,447 acknowledging the General Fund's $41,921,071 deficit derived from years of internal borrowing. The deficit(s) included over $32,000,000 in deficit spending and an additional $9,000,000 in assets owed to the former Compton Redevelopment Agency. The Fiscal Year 2009-2010 Auditor acknowledged the City could treat the amount owed as a long term dept to be repaid over a 20 year period. On June 17, 2014, the City adopted Resolution No. 23,970 which approved a repayment schedule for a 15 year period. The City's General Fund made a $2.5 million dollar payment in Fiscal Year 2015-2016 and is scheduled to make a 3.0 million dollar payment next fiscal year. As the General Fund is the major fund of the City, the City may want to revisit the amount paid from the General Fund to repay this deficit.

In summary, the Council must take additional steps to address past deficit spending and further increase revenues and reduce expenditures in preparation for significant budget increases in Fiscal Year 2016-2017.

Five Year Budget Outlook

Once the Fiscal Year 2015-2016 budget is balanced, we can then begin to create a framework to begin preparation of the Fiscal Year 2016-2017 budget and plan for future budget cycles to ensure that the City is in a better position moving forward. In future budget hearings staff will prepare a five year revenue and expenditure forecast which will provide a financial strategy roadmap that the City will need to execute to ensure continued balanced budgets and meet long term debt service obligations.

Proposed Reorganization

As the City seeks to provide exceptional customer service to its residents, citywide reorganizations should only be established for efficiency and effectiveness purposes. Additionally, departments or divisions that have similar tasks should be grouped together for efficiency purposes as well. As expected, departments and divisions are usually joined together as they have similar goals and objectives and have synergistic quality towards mutual goals. To this end I am proposing the following reorganization:

- Code Enforcement - from City Attorney to City Manager
- Risk Management - from City Attorney to City Manager
- Workers Compensation - from City Attorney to City Manager
- Reprographics - from City Clerk to City Manager

Preliminary approval is requested by the Council to properly prepare regarding these proposed changes for the FY 2016-17 Budget. If approved, the City will meet and confer with various unions as appropriate prior to budget adoption.

FISCAL IMPACT

Staff will bring additional information as it is discovered to prepare a detailed budget analysis for Council review and consideration in the next budget hearing.

RECOMMENDATIONS

Staff recommends that the Mayor and City Council review the staff report relating to the FY 2015-2016 and FY 2016-2017 budget information and provide staff with direction regarding recommendations relating to the proposed reorganization plan for FY 2016-2017.

ROGER L. HALEY
CITY MANAGER