

City of Manhattan Beach

*1400 Highland Avenue
Manhattan Beach, CA 90266*



Meeting Minutes - Draft

Thursday, June 9, 2016

6:00 PM

(Continued From June 7, 2016 City Council Meeting)

City Council Chambers

City Council Adjourned Regular Meeting

*Mayor Tony D'Errico
Mayor Pro Tem David J. Lesser
Councilmember Amy Howorth
Councilmember Wayne Powell
Councilmember Mark Burton*

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A. CALL MEETING TO ORDER

At 6:00 PM, Mayor D'Errico called the meeting to order.

B. PLEDGE TO THE FLAG

Nancy Hersman led the Pledge of Allegiance.

C. ROLL CALL

Present: 5 - Mayor D'Errico, Mayor Pro Tem Lesser, Councilmember Howorth, Councilmember Powell, Councilmember Burton

D. CERTIFICATION OF MEETING NOTICE AND AGENDA POSTING

City Clerk Liza Tamura confirmed that the meeting was properly posted.

E. PUBLIC COMMENTS (2 MINUTES PER PERSON PER ITEM, A MAXIMUM OF 5 MINUTES IF A SPEAKER WANTS TO COMMENT ON MORE THAN ONE ITEM)

Lester Silverman spoke in favor on the shuttle service item for discussion on the June 21, 2016 City Council Regular Meeting.

Richard Montgomery spoke in favor of approving/hiring two additional police officers and the Administrative Clerk I/II - Community Affairs in the new budget.

F. NEW BUSINESS

None.

G. OLD BUSINESS

Fiscal Year 2016-2017/2017-2018 Operating Budget and FY
2017-2021 Five Year Capital Improvement Plan: Final Direction in
Advance of Public Hearing and Adoption on June 21, 2016 (Finance
Director Moe/Public Works Director Olmos).

[16-0265](#)

**DISCUSS AND PROVIDE DIRECTION (CONTINUED FROM JUNE 7,
2016 REGULAR CITY COUNCIL MEETING)**

This meeting is a continuation of the June 7, 2016 City Council Regular Meeting Agenda Item No. 10 - Fiscal Year 2016-2017/2017-2018 Operating Budget and FY 2017-2021 Five Year Capital Improvement Plan: Final Direction in Advance of Public Hearing and Adoption on June 21, 2016.

Mayor D'Errico started the meeting by laying out the expectations of what should happen in this meeting by asking Councilmembers that the items that were for discussion within the budget were items in which answered the following questions; a) Do we believe that item is in fact an issue? b) Do we think it is an issue that needs to be addressed during this budget cycle?, and c) What would be some of the ideas/options we think we need to deal with?

Motion made by Councilmember Howorth, seconded by Mayor Pro Tem Lesser, to dedicate \$500,000 for this year and next year to the pension rate stabilization fund, and \$500,000 this year and next year to a CIP deferred maintenance fund. In addition, approve the proposed budget with the following positions included; Administrative Clerk I/II - Community Affairs (Police Department - Neighborhood Watch Liaison), Older Adult Recreation Coordinator, two additional Police Officers, and Development Services Coordinator (Community Development Services Coordinator), approve the Management Fellow title change to Management Analyst (Management Services) and continue with that same person (Kendra Davis), and have a discussion in the second year to possibly approve an Assistant Finance Director

The City Council discussed the following items:

- \$ 500,000 set aside for the pension and \$500,000 set aside for the CIP,*
- Subsidizing the Stormwater and Street Lighting Fund from the General Fund,*
- Infrastructure Funding,*
- Unfunded Pension Liability,*
- Staff head count,*
- Management Confidential salary range (50% vs 75%),*
- Deferred compensation,*
- The Assistant Finance Director position,*
- The Stormwater fund structure (structural deficit, street lighting, and landscaping),*
- Raising fees or sales tax increase,*
- Put a cap on spending for outside consultants,*
- The Development Services Coordinator (Community Development Position),*
- Downturn of the Economy,*
- Staggering the hiring of the two Police Officers.*

Finance Director Bruce Moe, Community Development Director Marisa Lundstedt, City Manager Mark Danaj, responded to the City Council questions.

Councilmember Burton requested to see the results of the study that Community Development Director Lundstedt received.

Substitute motion by Councilmember Burton, seconded by Mayor D'Errico, to have a cap of total full-time employees at 290 by the end of the 2017-2018 fiscal year, approval of the following positions; the two Police Officer positions, Administrative Clerk I/II - Community Affairs, and Development Services Coordinator; for the City Manager to return with a proposed operating budget for the following budget hearing with modifications: transfer \$500,000 from the sale of the Marriott to the pension supplemental trust; abolish the deferred compensation program for Management Confidential employees at the end of the 2017-2018 fiscal year and those funds to go to the pension fund (in five years there would be \$1.8 million from deferred compensation); take the economic uncertainty account and rename it the City infrastructure depreciation account; take the proposed CIP projects from 2016-2017 and move them to 2017-2018 with \$4.5 million transferred to the new City infrastructure depreciation account; hire a private contractor that will look at benchmark cities and do a study regarding control of salaries to the City's highest paid employees; and last, subsidies for the stormwater should come

from the infrastructure depreciation account.

The City Council continued discussing the following:

-9/80 schedule,

-Staff productivity,

-Equality in salaries.

Mayor Pro Tem Lesser requested parliamentary direction from Assistant City Attorney Michael Estrada.

Assistant City Attorney Estrada clarified that a motion was made, a substitution motion was made and seconded, that the substitute motion is debatable and upon closure of the debate the substitute motion is voted on. If the substitute motion passes, then the substitute motion is voted as a motion, if the substitute motion fails, then the vote will happen on the primary motion.

Councilmember Powell added a friendly amendment to the substitute motion to include funding for CIP, stormwater structural and street landscape and street lighting.

The City Council continued discussing the following item regarding the substitute motion:

-Include a freeze in hiring new personnel if a recession should occur,

-Older Adults Recreation Coordinator position,

-\$ 4.5 million transferred from the 2016-2017 CIP moved to the depreciation and infrastructure accounts,

-Management Confidential salaries being the same across the board,

-2.23% COLA frozen until the first quarter,

-Head count being shortened by the 2017-2018 fiscal year,

-Removal of deferred compensation,

-Not providing the 2.23% cost of living adjustment,

-Pensions and CalPERS reduction of 1%.

City Manager Mark Danaj responded to the City Council questions.

Councilmember Burton accepted the friendly amendment regarding the Older Adults Recreation Coordinator position to his substitute motion.

Substitute motion by Councilmember Burton, seconded by Mayor D'Errico, to have a cap of total full-time employees at 290 by the end of the 2017-2018 fiscal year, approval of the following positions; the two Police Officer positions, Administrative Clerk I/II - Community Affairs, and Development Services Coordinator, Older Adults Recreation Coordinator (friendly amendment by

Councilmember Powell), and for the City Manager to return with a proposed operating budget for the following budget hearing with modifications, transfer \$500,000 from the sale of the Marriott to the pension supplemental trust, abolish the deferred compensation program for Management Confidential employees at the end of the 2017-2018 fiscal year and those funds to go to the pension fund (in five years there would be a \$1.8 million from deferred compensation), take the economic uncertainty account and rename it the City infrastructure depreciation account, take the proposed CIP projects from 2016-2017 and move them to 2017-2018 with \$4.5 (\$1.5?) million transferred to the new City infrastructure depreciation account, hire a private contractor that will look at benchmark cities and do a study regarding control of salaries to the City's highest paid employees, and last, subsidies for the stormwater should come from the infrastructure depreciation account. The motion was carried by the following vote:

Aye: 1 - Burton

Nay: 4 - D'Errico, Lesser, Howorth, Powell

Friendly amendment by Councilmember Powell to add the sequestration of surpluses to the primary motion.

City Manager Danaj requested clarification for the primary motion if it included the authorization to provide a 2.23% merit increase for Management Confidential.

Councilmember Howorth confirmed it does include the authorization for the merit increase.

Councilmember Howorth reviewed the final phrasing for the primary motion.

Motion made by Councilmember Howorth, seconded by Mayor Pro Tem Lesser, to approve the hiring of the Administrative Clerk I/II – Community Affairs for the Police Department, the Older Adult Recreation Coordinator for Parks and Recreation, Development Services Coordinator for Community Development, 2 Police Officers, do not appropriate funds for the Assistant Finance Director but discuss for Fiscal Year 2017-2018, approve the Management Fellow change to Management Analyst for Management Services at no additional cost, Sequester year-end Surpluses for Council to allocate to specific purposes to be determined (friendly amendment by Councilmember Powell), appropriate \$500,000 for a pension rate stabilization set aside, keep the 2% COLA (with 2.23% COLA as confirmed above) for management/confidential, allocate \$500,000 to CIP fund/deferred maintenance. The motion was carried by the following vote:

Aye: 3 - Lesser, Howorth and Powell

Nay: 2 - D'Errico and Burton

Mayor D'Errico stated that he appreciates the motion started by Councilmember Howorth and would like to address why he was opposed to the primary motion, the subsidies being put aside for the stormwater are not acceptable, the Management Confidential salary needs to be addressed, and there is a fiscal responsibility to tell the City Manager how much money to spend.

H. ADJOURNMENT

At 8:07 PM Mayor D'Errico adjourned the meeting.

Martha Alvarez
Recording Secretary

Tony D'Errico
Mayor

ATTEST:

Liza Tamura
City Clerk