



# Minutes

## Lakewood City Council

Adjourned Regular Meeting held  
March 12, 2019

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**MEETING WAS CALLED TO ORDER** at 6:03 p.m. by Mayor Croft in the Executive Board Room at the Civic Center, 5000 Clark Avenue, Lakewood, California.

**ROLL CALL: PRESENT:** Mayor Steve Croft  
Vice Mayor Todd Rogers  
Council Member Diane DuBois  
Council Member Ron Piazza  
Council Member Jeff Wood

### **SUMMARY DECISION OF BUDGET ADVISORY GROUP MEETINGS**

Thaddeus McCormack, City Manager, displayed slides and provided a brief report on the Budget Advisory Group meetings. He reported that the meetings, which began in November and concluded recently in February, were an opportunity for dialog with community stakeholders about the City's budget and fiscal challenges. He noted that external factors and circumstances affected the City's budget and that if such issues were not addressed could become more serious. He stated that the challenges were a byproduct of a phenomenon that had been building up over the past few years with the growth of online sales and the increase in employee retirement costs. He identified and thanked the members of the Budget Advisory Group, for their participation during the four month period, including Deena Henry, Lakewood Center, Sr. Property Manager; Emilio Sosa, Lakewood Family YMCA, Executive Director; Karen Harmon, Rotary Club of Lakewood, President; Shannon Mockridge, Soroptimist International of Lakewood/Long Beach, President; Travis Jackson, Greater Lakewood Chamber of Commerce, Chair; Ariel Pe, Greater Lakewood Chamber of Commerce, Outgoing Chair; Ben Malecki, Community Safety Commission, Chair; Jan McKinnon, Planning and Environment Commission, Chair; Dave Allen, Recreation and Community Services Commission, Chair; Jonathan Gorne, Lakewood Association of Management Professionals, Outgoing President; Jim Piacenti, Lakewood City Employees Association, President's Representative; Mayor Croft; and Vice Mayor Rogers. Mr. McCormack discussed the structural deficit, noting that like many other municipalities, Lakewood was operating in an era of constrained resources and the increasing cost to do business, with expenses outpacing growth in revenue. He added that the onset of the structural deficit began with the State's elimination of redevelopment, from which stemmed the loss of \$2 million a year for Lakewood. He emphasized that the structural deficit had not been the result of any actions by the City Council, their predecessors or staff, but were largely because of external factors and actions from Sacramento. He identified the features which made up the Lakewood way, such as smooth streets; City trees; beautiful parks; recreation for all ages; community building programs; volunteerism and partnerships with community groups; a wonderful residential community and a great place to raise kids.

**SUMMARY DECISION OF BUDGET ADVISORY GROUP MEETINGS - Continued**

Mr. McCormack continued by stating that Lakewood's structural budget deficit was in the \$4 million to \$7.5 million range and that the numbers could be even greater if an economic downturn occurred sooner. He pointed out the causes of the budget deficit, which included the loss of over \$2 million every year from the State's takeaway of Lakewood's redevelopment funding; increased payments to the State-run retirement system; the flattening of sales tax revenue; and the deterioration of infrastructure. He stated that the deficit had been intensified by capital improvement needs noting that over a ten year period, facility maintenance and improvement needs would total \$31 million and would probably grow over time. He added that despite staff's efforts to maintain the City's buildings, most of which were built in the 1950's, to a usable level, the recently conducted Facilities Condition Assessment had given an overall rating of low to fair range just above poor and that to bring the rating closer to a modest level in the fair range would cost \$3.5 million per year. Mr. McCormack identified some of the cost cutting actions in FY 2018-19, which included reduced spending and purchase delays. He detailed other cost saving measures which included open full-time positions going unfilled; reduced part-time labor accounts, such as for janitorial services at City Hall; street maintenance and hardscape repair using County Measure M and R funds; and increasing employee's share of PERS contributions. He identified some of the Budget Advisory Group's ideas for savings from spending cuts which included charging residents for LYS and picnic shelters; combining/streamlining community events; increasing participant attendance fees to cover costs; reducing tree plantings and shifting tree replacement costs to residents; staying vigilant on fully charging for permits; cost containment committees for every department and trim across the board; looking for more contracting opportunities; CityTV strategic cuts; reducing swimming pool usage to one site; and reducing overtime, which could total approximately \$1.8 million but would not cover the \$4 million to \$7.5 million to end the deficit. He reported that other cities dealt with their budget difficulties by cutting spending and using reserve funds but noted that many cities were facing larger structural deficits equal to fifteen to twenty-five percent of their budget, thus making it difficult to cut their way out without impacting community quality of life. He stated that many cities, after cutting services and spending down their reserves, concluded that they should consider a locally-controlled revenue source that the State government could not take away, giving them more control over their fiscal destiny. Mr. McCormack explained that many cities had found that contracting with public opinion and community outreach professionals would engage the broader community on what services and needs were most important to them and getting the community's feedback on service priorities in a statistically organized way, combined with robust community outreach. He concluded by stating that it was staff's recommendation that the City Council provide input and direction and authorize the City Manager to execute necessary agreements subject to approval of the City Attorney with Fairbanks, Maslin, Maullin and Metz (FM3) in a not to exceed amount of \$27,500, and with Lew Edwards Group in a not to exceed amount of \$39,500, for public outreach and public opinion consultants to provide expanded community engagement.

Council Member Wood expressed appreciation for the committee's efforts but noted that while sales tax was of concern, economic development and issues affecting quality of life such as homelessness, graffiti and crime in general, had not been addressed.

**SUMMARY DECISION OF BUDGET ADVISORY GROUP MEETINGS - Continued**

Mr. McCormack stated that while he concurred that sales tax should not be the primary focus, he noted that detractions from quality of life as well as economic development would cost money to deal with and emphasized the importance of engaging the community and determining a comprehensive strategy.

Mayor Croft explained that it was hoped that a study would help to determine what would be acceptable to residents with regards to City programs and to look at the highest priorities and unmet needs.

Responding to Council Member Wood regarding survey questions, Mr. McCormack stated that the inquiries would include reasons for shopping in Lakewood as well as determining services that residents valued and would want to preserve, and that if, ultimately, a revenue measure would be put to the voters, it would be important to know if residents were willing to tax themselves and the people who shop in the City.

Council Member Piazza opined that as a long-time resident, he valued the Lakewood way. He cautioned that if the City did not raise the sales tax to benefit Lakewood residents, another entity might do so and collect the funds which could be used outside of the City. He stated the importance of the consultants conveying the necessity for a sales tax measure.

Council Member DuBois stated the importance of maintaining the face of the community and noted that if keeping the City's character meant increasing the sales tax, then it needed to be done. She acknowledged that quality of life issues existed but also added that Lakewood had been fortunate in that some of those issues were not as prevalent as in other places.

Vice Mayor Rogers pointed out that if there were to be an increase in taxes, there should be a noticeable difference in terms of quality of life issues and that there should be value and privileges that go along with living in the City, especially if residents were paying the maximum sales tax allowable by law. He stated that it was important to have evolving approaches to strategic planning and economic development. He concurred with the belief that if taxes were being paid by residents that the funds remained in the City. He emphasized the importance of knowing the sales tax percentages generated by Lakewood residents and non-residents in making the decision and sharing the reasons for such a decision. Mr. McCormack agreed that it was important to assure that monies expended were spent wisely and for the betterment of the residents.

Mr. McCormack responded to Council Member Wood's concerns about the costs for the services to be provided by the consultants by enumerating the various forms of the comprehensive and strategic communications, which included social media, printed messaging and community presentations.

Steve Skolnik, for the City Attorney, advised that the City could not expend funds to advocate but such monies could be spent to educate residents and noted the expertise of the consultants with such educational efforts.

**SUMMARY DECISION OF BUDGET ADVISORY GROUP MEETINGS - Continued**

Council Member Wood stated that as it was his fiduciary responsibility to know the scope of services to be provided for \$67,000, he would not be supporting moving forward with the consultants' agreements.

Mr. McCormack confirmed for Vice Mayor Rogers that the consultants would work directly with staff and that the creation of a City Council ad hoc committee would be an appropriate action in terms of providing guidance with the scope of work. He indicated his confidence in the proposed consultant firms.

MAYOR CROFT MOVED AND COUNCIL MEMBER PIAZZA SECONDED TO APPROVE STAFF'S RECOMMENDATIONS TO PROVIDE INPUT AND DIRECTION AND AUTHORIZE CITY MANAGER TO EXECUTE NECESSARY AGREEMENTS WITH PUBLIC OUTREACH AND PUBLIC OPINION CONSULTANTS, FAIRBANKS, MASLIN, MAULLIN AND METZ (FM3), IN NOT TO EXCEED AMOUNT OF \$27,500, AND LEW EDWARDS GROUP, IN NOT TO EXCEED AMOUNT OF \$39,500, FOR EXPANDED COMMUNITY ENGAGEMENT AND TO ADD BUDGET AD HOC COMMITTEE TO FUTURE COMMITTEE ASSIGNMENTS TO BE PRESENTED BY THE INCOMING MAYOR. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Piazza, DuBois, Rogers and Croft

NAYS: COUNCIL MEMBERS: Wood

Council Member Piazza, noting the evolving nature of the tenants at the Lakewood Center, stated his expectation that the mall would have a much different appearance three to four years down the road.

Mr. McCormack explained that while Lakewood Center's anchor tenants had been successful during the past Christmas holiday shopping season, other stores had not fared as well. He cited the efforts of his predecessor and the recently retired Community Development Director as well as the mall management in creating a synergy at the Center. He added that the challenge was to ensure that as it evolved or devolved, that it continued to be a success. Mayor Croft commented that there was the added challenge of other malls competing for the same businesses.

Council Member Wood suggested that Community Development staff meet with some of the shopping center owners to encourage improvements and to assist with streamlining any of the City's processes.

Mr. McCormack highlighted the recent efforts by staff to put together the business permitting streamlining committee that considered permits that were in the pipeline to identify issues to get them handled.

Mayor Croft stated that the Budget Advisory Group had been notified at their last meeting that they may reconvene at a future date for additional sessions.

**ORAL COMMUNICATIONS:** None

**ADJOURNMENT**

There being no further business to be brought before the City Council, Mayor Croft adjourned the meeting at 7:10 p.m.

Respectfully submitted,

Jo Mayberry, CMC  
City Clerk