

June 11, 1975

MINUTES OF A BUDGET WORKSHOP SESSION
OF THE TORRANCE CITY COUNCIL

OPENING CEREMONIES:

1. CALL TO ORDER:

The Torrance City Council convened in a Budget Workshop Session on Wednesday, June 11, 1975, at 5:00 P.M. in the Council Chambers at Torrance City Hall.

2. ROLL CALL:

Present: Councilwoman Geissert; Councilmen Armstrong, Brewster, Wilson, and Mayor Miller. Councilman Uerkwitz arrived at 5:30 P.M. Absent: Councilman Surber.

Also present: City Manager Ferraro, City Attorney Remelmeyer, City Clerk Coil, Finance Director Dundore, and Budget Officer Ng.

3. FLAG SALUTE:

Budget Officer Ng led in the salute to the flag.

4. INTRODUCTORY REMARKS BY CITY MANAGER:

City Manager Ferraro reviewed past Budget Workshop accomplishments, with note of the remaining items requiring additional focus:

1. The proposed water rate increase;
2. The possibility of liberalizing the Senior Citizens's rebate on the Utility Users' Tax; and
3. The possibility of providing a one time 5% cost-of-living windfall for City Employees who retired prior to 1971.

The above matters will be encompassed in the presentation this date, per Mr. Ferraro, along with a report on the current status of revenues -- the following cautionary note was interjected by Mr. Ferraro: "We operate in a program environment. Any and all activities must be justified on the basis of cost effectiveness, a proven need, etc. To tell you now that there are additional revenues raises the question of how that additional resource should be allocated. There are a number of programs that have sustained cutbacks in order that we present to you a 'no growth' budget. Those cutbacks should receive consideration for restoration before any new program is initiated."

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5. WATER RATES:

Budget Officer Ng provided a graphic report on water rate increases, based on both a 3¢ and 4¢ increase, and the impact thereof.

The Variable Rate Structure vs Fixed Rate Structure (across the board) was likewise depicted via slide presentation by Mr. Ng.

Next depicted by Budget Officer Ng was material clarifying Justification of Transfer (Indirect and Direct Costs).

6. UTILITY USERS' TAX EXEMPTION - SENIOR CITIZEN:

Reporting on this matter was Finance Director Dundore who noted the experience of the City of Los Angeles in this regard (as requested by Councilwoman Geissert), as well as that of local communities; the guidelines for rebates; estimated number of eligibles; and estimated rebate and administrative costs at various income levels.

7. 5% RETIREMENT ADJUSTMENT FOR PRE-1971 RETIREES:RECOMMENDATION OF FINANCE COMMITTEE:

That the City Council adopt the resolution implementing Senate Bill 135; that the City Council spread the liability over ten years, and, finally, that the City Council review and analyze what source of funding should be used and what adjustments to the budget should be made in order to offset the estimated \$35,000 1975 fiscal year cost.

Assistant to the City Manager Jackson provided pertinent information regarding the 5% Retirement Adjustment, and the financial effect to the City.

8. REVENUE REPORT BY FINANCE DIRECTOR:

Finance Director Dundore reported the receipt of information on June 10th from the State Board of Equalization in Sacramento that the City of Torrance would receive, for the fourth quarter, 9.7% more than received for 1974's fourth quarter -- this represents some \$133,000 additional revenue. Mr. Dundore also reported on the reappraisal of previous presentations regarding revenue, which has resulted in a reduction of \$75,000, and a net effect of an increased budget carry-over of \$58,000 in 1974-75. Further reported by Finance Director Dundore were revisions in projections for estimated revenue, with an increase of \$43,000 -- with an overall effect of an additional \$101,000.

9. SUMMARY STATEMENT BY CITY MANAGER:

City Manager Ferraro summarized the foregoing presentations: the decision now faced by the Council in the use of the additional funds, considerations re: program cutbacks, reduced service levels, requests re: Senior Citizen tax rebate, retirement provisions for

employees retired before 1971; etc. Additional considerations requested by Mr. Ferraro were as follows:

- "1. The retirement provision does not have to occur effective July 1, 1975. Deferral for perhaps three months or six months would help mitigate the first year costs of this retirement provision.
2. It is difficult to measure the true value of a Senior Citizens Utility Tax Rebate. This is particularly true because it does not equally effect all Senior Citizens of a low income. The variety among even low income Senior Citizens as to how much they use in utilities is considerable, and yet in the end the amount of rebate is small. I suggest to you that restoration of on-going Senior Citizen programs would probably have a greater overall impact."

City Manager Ferraro then advised that the Council-requested report re: program cutbacks to obtain the necessary monies for the increased tax rebate and the increased retirement program has been prepared.

10. COUNCIL DISCUSSION AND CONCLUSIONS:

Water Rate Increase:

The majority of the Council (Councilmembers Armstrong, Geissert, Wilson; Mayor Miller) originally favored the 4¢ Selective Increase. Councilman Uerkwitz indicated that he would likely favor same, but held final decision in abeyance until review of proposed cuts, source of funds for retired employees, etc. Councilman Brewster indicated approval only of a 3¢ maximum increase; holding the General Fund "draw" up to the current level of \$275,000; and, further, that the initiation of the water bond project should move forward. Following discussion regarding the revised revenue picture, etc., it was the ultimate consensus of the Council that a 3¢ increase would be in order (Mr. Surber absent).

Utility Users' Tax Exemption for Senior Citizens:

In support of the \$3,600 (1), \$4,800 (2) - \$24,000 proposal were Councilmembers Armstrong, Geissert, Wilson, and Mayor Miller. Councilman Uerkwitz favored the \$20 Maximum- \$20,000 proposal. Councilman Brewster was opposed to the entire program for the reason that such exemptions should be considered for all low income people, not just the aged. (Councilman Surber was absent).

5% Retirement Adjustment for Pre-1971 Employees:

General concurrence with the recommendation of the Finance Committee that the Retirement Adjustment be implemented - and that of the City Manager that the retirement provision be deferred for six months - was indicated.

Discussion was then directed to the manner of effecting the desired programs and achieving a balanced budget.

City Manager Ferraro presented the following recommendation:

CUTS IN PROGRAMS:

Reduce selective program based on currently vacant positions:

Transportation - Painting & Signs:

Eliminate one Traffic Painter \$ 15,000

Pal

Park Maintenance and Construction:

Eliminate one Park Caretaker 12,300

Public Building Services:

Eliminate one vacant Custodian 12,000

Ground Transportation - Engineering

Services: Eliminate one Typist Clerk

in Engineering (transfer incumbent to

the vacant Typist Clerk in Garage) 12,000

Defer for one month the filling of

Police Officer vacancies 8,000

Total Savings with Layoffs \$ 59,300

Following Council review of the total impact of the above recommendation, it was the consensus that these program cuts be effected with the exception of the Custodian, thereby accomplishing a further budget reduction in the amount of \$47,300..

Mr. Richard DeArmitt, Torrance Fire Fighters, spoke at this time suggesting the possible use of Federal funds in connection with the Retirement Adjustment and noting the serious need of such retired employees in view of the cost-of-living escalation.

Concluding remarks from members of the Council were invited. Councilman Brewster reiterated his positions of record in the considerations at this meeting relative to the water rate increase and the Senior Citizens utility users' tax exemption. Mr. Brewster further stated that he would favor an additional expenditure of approximately \$35,000 for the Retirement Adjustment, and of \$59,300 in additional cuts, per Item 4C.

Comments from Councilmembers Armstrong, Geissert, Uerkwitz, and Wilson commended the public participation and valued input; the austere, "no growth" budget achieved; noted problems yet to be faced; requested mid-year budget review for possible restoration of lost services; and acknowledged the outstanding Staff contribution in the compilation of the 1975-76 Budget.

Mayor Miller likewise commended all those who had made this seemingly insurmountable task a reality, and noted that the only additional revenue created is an increased water rate which only compensates for increased operating costs. The Mayor particularly praised those Staff members who really did the "nitty-gritty work".

The matter of the Ocean Avenue Site was introduced by Mayor Miller -- City Manager Ferraro noted the pending decision in this matter, and noted that there is a \$600,000 increment, via Revenue Sharing, in the 1975-76 budget for this purpose. Clarification in this regard was provided Mr. Bob Sussman, 3904 West 234th Street.

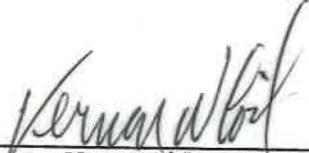
Mr. Dick Rossberg, Torrance Area Chamber of Commerce, congratulated the Council and Staff for the creditable 1975-76 budget, in light of the many problems which had to be faced. City Manager Ferraro responded that it is the department heads who deserve the praise, and he extended his personal thanks to them. Like appreciation to the Council for their cooperation and involvement was conveyed by the City Manager, with note of the fact that this is a "first" wherein the Torrance City Council has adopted a budget without a tax increase or the imposition of a new tax.

Announced at this time by City Manager Ferraro was the recognition to the City of Torrance -- recipient of the American Society of Public Administration Award for preparation of its program budgeting and implementation into the Master Plan.

Mayor Miller stated that this meeting would conclude the Budget Workshop Sessions, and expressed appreciation to all who had participated in the evolvement of the 1975-76 Budget for the City of Torrance.

At 7:10 P.M., Councilman Wilson moved to adjourn to Tuesday, June 17, 1975, at 5:30 P.M., a Regular Council meeting. The motion was seconded by Councilman Armstrong, and roll call vote was unanimously favorable (Councilman Surber absent).

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 Vernon W. Coil, Clerk of the
 City of Torrance

APPROVED:



 Mayor of the City of Torrance

Ava Cripe
 Minute Secretary

5.

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