



City of
HUNTINGTON PARK California

**NOTICE OF A SPECIAL MEETING
OF THE CITY COUNCIL OF THE
CITY OF HUNTINGTON PARK
CALLED BY MAYOR ROSA E. PEREZ**

NOTICE IS HEREBY GIVEN THAT a special meeting of the City Council of the City of Huntington Park is hereby called to be held on Tuesday, August 26, 2014 at 6:00 p.m. in the Council Chambers located on the 2nd Floor of City Hall at 6550 Miles Avenue, Huntington Park, for the purpose of considering and/or taking action on the following:

FLAG SALUTE

ROLL CALL: Mayor Rosa E. Perez
Vice Mayor Karina Macias
Council Member Ofelia Hernandez
Council Member Valentin Palos Amezcuita
Council Member Mario Gomez

PUBLIC COMMENTS

The Council encourages all residents of the City and interested people to attend and participate in the meetings of the City Council. Following Roll Call and prior to the Regular Agenda Item business portion of the Agenda, the City Council and all other agencies meeting on the above date will convene to receive Public Comments regarding any item, and only those items, described in this Agenda. This is the only opportunity for public input except for scheduled public hearing items. The Mayor or Chairperson will separately call for testimony at the time of each public hearing. If you wish to address the Council, please complete the speaker card that is provided at the entrance to the Council Chambers and place it in the box at the podium. When called upon by the Mayor or Mayor's designee, each person addressing the Council shall step up to the microphone and state his/her name or organization he/she represents for the record. Each speaker will be limited to three minutes per Huntington Park Municipal Code 2-1.207. Time limits may not be shared with other speakers and may not accumulate from one period of public comment to another or from one meeting to another. All comments or queries shall be addressed to the Council as a body and not to any specific member thereof. Pursuant to Government Code Section 54954.2(a)(2), the Ralph M. Brown Act, no action or discussion by the City Council shall be undertaken on any item not appearing on the posted agenda, except to briefly provide information, ask for clarification, provide direction to staff, or schedule a matter for a future meeting.

REGULAR AGENDA

OFFICE OF THE CITY CLERK

- 1. Approve the amendment to the agreement with Carl Warren & Company for third party administration of general liability claims**

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Approve the amendment to the agreement with Carl Warren & Company for third party administration of general liability claims.
2. Authorize the Interim City Manager to execute the agreement.

FINANCE DEPARTMENT

- 2. Approve and adopt the proposed continuation of Fiscal Year 2014-2015 General Fund Budget through October 20, 2014**

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Adopt a resolution to approve and adopt the FY 2014-2015 General Fund Budget.

PUBLIC WORKS DEPARTMENT

- 3. Discussion regarding additional performance bond for UPW contract**

CITY MANAGERS AGENDA

- 4. Discussion and/or action that the City Council meeting scheduled for Tuesday, September 2, 2014 go dark, and authorize the Acting Finance Director to issue accounts payable and payroll warrants during this dark period.**

ADJOURNMENT

NEXT REGULAR MEETING OF THE
CITY OF HUNTINGTON PARK CITY COUNCIL
Monday, September 15, 2014 at 6:00 p.m.

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the City Hall bulletin board not less than 24 hours prior to the meeting. Dated this 21st day of August, 2014.

By 
Julio Morales, Interim City Manager



CITY OF HUNTINGTON PARK

City Clerk's Office
City Council Agenda Report

August 26, 2014

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

APPROVE THE FIRST AMENDMENT TO THE AGREEMENT WITH CARL WARREN & COMPANY FOR THIRD PARTY ADMINISTRATION OF GENERAL LIABILITY CLAIMS

1. Approve the first amendment to the agreement with Carl Warren & Company for third party administration of general liability claims.
2. Authorize the Interim City Manager to execute the agreement.

BACKGROUND

The City Council approved the agreement with Carl Warren & Company for third party administration (TPA) of general liability claims on September 16, 2013. The first amendment to this agreement accomplishes the following:

1. Extends the contract term through June 30, 2016
2. Replaces the fee structure with terms more favorable to the City
3. Requires Carl Warren & Company to provide insurance coverage in the amounts of \$1 million each for general liability, auto liability, workers' compensation, crime/employee dishonesty, and \$2 million for errors and omissions

FISCAL IMPACT/FINANCING

The contract amendment includes a revised fee structure that is more cost-effective for the City. The revised fee structure has been approved by Carl Warren & Company. The original contract included an annual administration fee of \$2,500 in addition to a per claim fee of \$700 plus an additional \$350 surcharge for litigation. The new fee structure does not have an annual administration fee and includes the following per-claim rates:

APPROVE THE FIRST AMENDMENT TO THE AGREEMENT WITH CARL WARREN & COMPANY FOR THIRD PARTY ADMINISTRATION OF GENERAL LIABILITY CLAIMS

August 26, 2014

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Claim type	Not Litigated	Litigated
Property damage (no bodily injury)	\$375	\$1,350
Bodily injury	\$750	\$1,750

In addition, the new rate structure is all inclusive wherein there are no extra charges for field work, attendance at mediations/hearings, and other related services.

The total annual cost for TPA services varies based on the number of claims filed against the City. However, in the past three years, TPA costs have ranged from \$15,000 to \$20,000 per year. It is anticipated that TPA costs will remain consistent within this range.

LEGAL AND PROGRAM REQUIREMENTS

The City is a member of the Independent Cities Risk Management Authority (ICRMA), a pool of 21 cities in Los Angeles and Orange counties that share resources under a Joint Powers Authority (JPA) agreement to support their individual self-insurance programs. As an ICRMA member, the City is required to use TPA services from one of two ICRMA-approved firms. Carl Warren & Company is one of the two ICRMA-approved firms and currently provides TPA services for the City.

The City's existing contract with Carl Warren & Company provided for a one-year extension commencing June 30, 2014. The first amendment to the agreement memorializes this extension of the term through June 30, 2016, subject to the new fee structure and insurance provisions.

CONCLUSION

Upon approval, the Interim City Manager will execute the first amendment to the agreement with Carl Warren & Company for third party administration of general liability claims.

Respectfully submitted,



JULIO MORALES
Interim City Manager

ATTACHMENTS

- A: First amendment to the agreement with Carl Warren & Company
- B: 2013 Agreement with Carl Warren & Company

FIRST AMENDMENT TO
THIRD PARTY CLAIMS ADMINISTRATION CONTRACT

THIS AMENDMENT (the “Amendment”) to that certain agreement titled “Third Party Claims Administration Contract” is made and entered into on this _____ day of August 2014 by and between CITY OF HUNTINGTON PARK, a municipal corporation (“PRINCIPAL”) and Carl Warren & Company, a California corporation (“CONTRACTOR”).

RECITALS

WHEREAS, the Parties executed and entered into that certain agreement titled, “Third Party Claims Administration Contract,” having an effective date of July 1, 2013 (hereinafter, the “2013 Contract”) (A true and correct copy of the 2013 Contract is maintained at the offices of the City Clerk as a public record); and

WHEREAS, the 2013 Contract provides for CONTRACTOR to represent PRINCIPAL and provide administrative services in matters related to the investigation, adjustment, processing, supervision and resolution of liability claims for money damages asserted by third parties against PRINCIPAL and other specified participants; and

WHEREAS, Section 7 of the 2013 Contract provides for a one-year renewal, subject to an annual review of rates;

WHEREAS, the Parties seek to amend the 2013 Contract upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. Section 7 (Period of Agreement) of the 2013 Contract is hereby amended to be replaced with the following: The 2013 Contract is renewed for two years, commencing on July 1, 2014 and terminating on June 30, 2016, unless otherwise extended by agreement of the Parties for up to three additional years.

2. Section 8 (Consideration) of the 2013 Contract is hereby amended to be replaced with the following:

Compensation and Schedule of Payment.

a. CONTRACTOR agrees to provide, and PRINCIPAL agrees to pay, a one-time per-claim charge for the life of the agreement, according to the following schedule:

Item	Pricing
Incident only (no claim) <i>Record only, will not appear on the loss run, but will be available for tracking purposes.</i>	\$50.
Property Damage, no bodily injury, not litigated. <i>Not including appraisal cost.</i>	\$375.
Property Damage, no bodily injury, litigated <i>Not including appraisal cost.</i>	\$1,350.
Bodily Injury, not litigated	\$750.
Bodily Injury, litigated	\$1,750.

b. Should PRINCIPAL pay a per-claim fee and the claim is subsequently elevated to a different category (e.g. incident only to bodily injury, not litigated), PRINCIPAL is obligated to pay only the difference between the pricing of the two categories.

c. The Parties each understand, acknowledge, and agree that PRINCIPAL is solely responsible for payment of amounts due to CONTRACTOR.

d. Payment Schedule. CONTRACTOR shall submit itemized statements for fees once a month following the month covered by each statement. If the statements are correct, PRINCIPAL shall pay CONTRACTOR within thirty (30) calendar days after each statement is received by PRINCIPAL.

e. Inspection of Books and Records. Upon request by PRINCIPAL, CONTRACTOR shall provide time records and backup data and records verifying project costs and expenses, including out-of-pocket third party expenses.

3. Insurance. The 2013 Contract is hereby amended as follows:

a. CONTRACTOR shall procure and maintain for the duration of this agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with CONTRACTOR's performance. The cost of such insurance shall be borne by CONTRACTOR. Failure to procure and/or maintain the proper insurance is grounds for termination of this agreement.

b. The CONTRACTOR shall maintain the following minimum insurance coverage:

(i) Commercial General Liability insurance in an amount no less than \$1,000,000 per occurrence with an aggregate of no less than twice the per occurrence limit. Such insurance shall be endorsed to name PRINCIPAL and its officers, agents and employees as additional insureds.

(ii) Business Automobile Liability insurance in an amount no less than \$1,000,000 per accident. Such insurance shall include coverage for owned, hired and non-owned autos.

(iii) Workers' Compensation insurance meeting all statutory benefit requirements of the Labor Code of the State of California and Employers Liability insurance with a minimum limit of \$1,000,000 each accident for bodily injury or disease. The workers' compensation insurance shall be endorsed to waive any right to subrogation against PRINCIPAL and its officers, agents and employees.

(iv) Professional Errors & Omissions insurance with a minimum limit of \$2,000,000 per occurrence with an aggregate of no less than twice the per occurrence limit.

(v) Crime/Employee Dishonesty: \$1,000,000 to include employee dishonesty, disappearance, theft, and forgery or alteration coverage in a form and issued by an insurance or bonding company or companies acceptable to PRINCIPAL.

c. The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(i) PRINCIPAL and its officers, agents and employees are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of CONTRACTOR, or automobiles owned, leased, hired or borrowed by CONTRACTOR.

(ii) For any claims related to this project, CONTRACTOR's insurance coverage shall be primary insurance as respects the PRINCIPAL and its officers, agents and employees. Any insurance or self insurance maintained by PRINCIPAL and its officers, agents and employees, shall be excess of the CONTRACTOR's insurance and shall not contribute with it.

(iii) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to PRINCIPAL.

d. Within thirty (30) days of execution of this Amendment, CONTRACTOR shall provide PRINCIPAL with a certificate of insurance and required endorsements evidencing that such insurance has been obtained and is in full force and effect. Such coverage shall provide thirty (30) calendar days' notice to PRINCIPAL of intent to cancel or non-renewal.

e. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best Company rating of no less than A- (FSC VII) unless otherwise acceptable to PRINCIPAL.

f. Verification of Coverage. Prior to commencement of work, CONTRACTOR shall furnish PRINCIPAL with original certificates and required endorsements effecting coverage required by this clause. PRINCIPAL reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

4. Except as otherwise set forth in this Amendment, the 2013 Contract shall remain binding, controlling and in full force and effect. This Amendment together with the 2013 Contract shall constitute the entire, complete, final and exclusive expression of the Parties with respect to the matters addressed in both documents.

5. In the event of any conflict or inconsistency between this Amendment and the 2013 Contract, the provisions of this Amendment shall control, but only to the extent necessary to resolve the conflict or inconsistency.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed on the day and year first appearing above.

CONSULTANT
Carl Warren & Company

PRINCIPAL
City of Huntington Park

By: _____

By: _____

Julio Morales, City Manager

Name: _____

Title: _____

APPROVED AS TO FORM

By: _____

City Attorney



THIRD PARTY CLAIMS ADMINISTRATION CONTRACT

THIS AGREEMENT, entered into effective **July 1, 2013** by and between **City of Huntington Park, California**, hereinafter called "PRINCIPAL," and **CARL WARREN & COMPANY**, hereinafter called "CONTRACTOR," is for certain services as outlined in connection with the duties and responsibilities of administering a program of self-insurance.

WITNESSETH

WHEREAS, PRINCIPAL has undertaken to self-insure and is in need of a qualified third party ("TPA") to whom to delegate the responsibilities and duties of administering said partially or totally self-insured insurance program, and

WHEREAS, CONTRACTOR is engaged in the supervision and administration of programs for self-insurance and has been the TPA of record and wishes to continue in that role,

NOW, THEREFORE, PRINCIPAL and CONTRACTOR mutually understand and agree as follows:

1. GENERAL

CONTRACTOR shall: (a) supervise and administer the Self-Insurance program for PRINCIPAL; (b) represent the PRINCIPAL in all matters related to the investigation, adjustment, processing, supervision and resolution of liability claims for money damages asserted by third parties against the PRINCIPAL (and other participants in the program as specified); and (c) provide to PRINCIPAL during the term of this Agreement all the services more particularly set forth hereinafter.

2. INVESTIGATIVE SERVICES

CONTRACTOR shall provide complete investigative and analytical services including, but not limited to: (a) receipt and examination of all reports of accidents, incidents, claims or cases which are or may be the subject of such claims reported by PRINCIPAL to CONTRACTOR; and (b) the investigation of such accidents, incidents, claims or cases where examination warrants such investigation or when requested by PRINCIPAL, such investigation to include on-site investigation, photographs, interviewing of witnesses, determination of losses and other such investigative services necessary to determine liability and loss but not to include Allocated Expenses and extraordinary professional services set forth below.

Regarding Allocated Expenses, PRINCIPAL agrees to pay for the cost of all reasonable and supportable extraordinary services and costs, including but not limited to, professional

photography, police reports, independent medical examinations, professional engineering services, laboratory services, bulk copy jobs, private investigators, legal costs and fees and work performed by accountants. CONTRACTOR shall charge PRINCIPAL for non-staff investigators or adjusters when, in the opinion of CONTRACTOR, such assistance is necessary and reasonably related to the monetary exposure.

3. SETTLEMENT AUTHORITY

CONTRACTOR shall have discretionary settlement authority up to \$ -0-

4. CLAIMS ADJUSTMENT SERVICES

CONTRACTOR shall provide complete claims adjustment services on each accident or incident that may be the subject of a claim against the PRINCIPAL which is reported to CONTRACTOR by the PRINCIPAL. Such services shall include, but not be limited to (a) the maintenance of a claim file on each potential or actual claim reported to CONTRACTOR; (b) whenever its investigation results in a determination that PRINCIPAL has sustained a liability to a third party, CONTRACTOR shall process any such claim or potential claim for settlement in accordance with the PRINCIPAL'S instructions for settlement of such claims; and (c) obtaining all release agreements or proofs of loss on settlement of any claim or potential claim. Specific service instructions will be added to this contract as an exhibit. If subrogation is pursued, the rates in Section 8 will apply unless a separate contingency fee agreement is agreed to by PRINCIPAL and CONTRACTOR.

5. ADMINISTRATIVE SERVICES

CONTRACTOR shall provide at least the following administrative services: (a) assignment of a Principal Account Adjuster to the PRINCIPAL; (b) providing PRINCIPAL with electronic access to all reported claims during the term of this Agreement, indicating the status of each reported open claim assigned to CONTRACTOR, the details of each such claim, the outstanding reserves for each claim and details of all claim payments; and (c) periodic review and adjusting of reserves on all open claims. Account specific reports and attendance at meetings (including round trip travel) shall be provided by CONTRACTOR at the same rates provided in Section 8 as services.

6. LEGAL SUPPORT SERVICES

CONTRACTOR shall provide at least the following legal support services on each claim wherein the claimant has commenced litigation: (a) Upon notification by PRINCIPAL that litigation has been filed on an open claim, CONTRACTOR shall notify PRINCIPAL and, in accordance with PRINCIPAL'S instructions, the PRINCIPAL'S excess insurance carrier and/or excess reporting authority, pool or group (the "excess entity") and/or trial attorney assigned by PRINCIPAL to handle the case and provide such excess entity and/or trial attorney with all information and files concerning claim; (b) maintain liaison with

PRINCIPAL'S excess entity and/or trial attorney and provide such investigation services as are required by such attorney during pre-trial and trial stages: and (c) assist PRINCIPAL'S excess entity and/or trial attorney with discovery and other legal processes.

7. PERIOD OF AGREEMENT

This Agreement shall operate on a month-to-month basis for a period of no longer than twelve (12) months commencing effective **July 1, 2013** and ending **June 30, 2014**, after which date this Agreement shall renew for one (1) year periods of time and rates will be reviewed annually.

8. CONSIDERATION

PRINCIPAL agrees to pay, effective **July 1, 2013** the following claim handling fees for CONTRACTOR'S services:

Annual Administrative Fee:

\$2,500 (invoice will be generated in conjunction with the execution of this Agreement; the amount will not be pro-rated based upon the number of months this Agreement remains in effect during the first year)

Per Claim Fee:

\$700 (life of contract price; invoice will be generated in the month in which the claim is received)

Litigation Surcharge:

\$350 (if a claim goes into litigation, a one time surcharge of 50% of the per claim fee will be invoiced)

****CLAIM FEES DO NOT INCLUDE ALLOCATED LOSS ADJUSTMENT EXPENSES.***

Time and Expense Fees For Field Activities:

Adjusting Services	\$65.00 per hour
Mileage	IRS Rate
Photocopy	.20 per page
Photographs	\$2.50 per photo
Audio Cassettes	\$2.50 per cassette
Video Cassettes	\$10.00 per Cassette
Outside Expenses	At Cost

Unless a multi-year contract term is in effect, this fee schedule shall be subject to negotiations between PRINCIPAL and CONTRACTOR at no less than one (1) year intervals following the effective date of the Agreement. Charges for non-file-related professional services performed at the specific request of PRINCIPAL will be billed on an as quoted basis.

9. DATA PROCESSING

(a) The following standard services are included in this cost and in the annual administrative fee - claims data electronically for up to three recipients and access to mycarlwarren.com for up to three users. For security purposes, access to mycarlwarren and any subscriptions will automatically terminate at the end of twelve (12) months. PRINCIPAL shall be responsible for notifying CONTRACTOR to renew user subscriptions and access or to substitute users.

(b) Additional users or recipients shall be charged on a per person basis at an annual fee of \$250.

(c) Special reports, new reports and data feeds can also be requested. They are subject to a cost per quote at a rate per project or per hour once the scope has been agreed upon. CONTRACTOR does not possess any interest, title, lien or right to any client data or records. Therefore, upon termination of the contract, CONTRACTOR is relieved of all obligations to provide data processing services to PRINCIPAL and will deliver to PRINCIPAL all data and records in a readily available excel or PDF format. If a different format is desired by PRINCIPAL, CONTRACTOR will provide it to PRINCIPAL at an agreed upon and reasonable cost and timeline.

10. PRINCIPAL'S RESPONSIBILITIES

PRINCIPAL shall provide CONTRACTOR with copies of all relevant documents upon request and without charge and shall make available any PRINCIPAL employee for interviews by CONTRACTOR at reasonable times concerning any investigation of a claim or incident pursuant to this Agreement.

CONTRACTOR shall bill PRINCIPAL and furnish PRINCIPAL with invoices for services rendered in accordance with the fee schedule set forth in the Agreement. Each invoice will include the claim or other matters for which a fee is being charged and the amount of the associated fee for that claim or matter. Payment shall be due and payable within thirty (30) days of receipt. PRINCIPAL shall report all billing discrepancies in writing to CONTRACTOR within thirty (30) days and adjustments will be promptly considered. PRINCIPAL will become delinquent when any undisputed invoice has been outstanding for over ninety (90) days. CONTRACTOR may elect to limit access to data and/or suspend and/or terminate this Agreement in the event PRINCIPAL fails to pay CONTRACTOR. Good faith disputed amount(s) will not be considered in establishing delinquency. CONTRACTOR will notify PRINCIPAL of such failure to pay and if PRINCIPAL does not cure such failure, excluding any good faith disputed amount, within ten (10) banking days after the date of such notice ("the cure period"), CONTRACTOR may immediately limit access to data and/or suspend and/or terminate this Agreement as of the first business day following expiration of the cure period, and/or send the outstanding invoices to a collection agency to pursue recovery of outstanding amounts plus fees and interest.

11. CONFLICT OF INTEREST

In the event a claim or incident is reported to CONTRACTOR by PRINCIPAL and it is determined that the actual or potential claimants therein are also clients of CONTRACTOR, then CONTRACTOR shall immediately notify PRINCIPAL of such potential conflict of interest so PRINCIPAL may have the option to choose an independent investigator and adjuster.

12. CANCELLATION OF AGREEMENT

This Agreement may be terminated by either party with or without cause upon giving other party written notice at least thirty (30) days prior to the date of termination.

13. DISPOSITION OF FILES ON TERMINATION OF AGREEMENT

(a) All files on each claim shall be property of the PRINCIPAL.

(b) In the event of expiration of the Agreement, non-renewal thereof, or cancellation, CONTRACTOR shall bill the PRINCIPAL, subject to the rates quoted in Section 8 herein above, for work completed by CONTRACTOR on each claim. Upon receipt of payment of outstanding invoices (including those in 13c below), CONTRACTOR shall promptly forward all completed and pending claim files to the PRINCIPAL unless PRINCIPAL requests CONTRACTOR to continue to process any files on a time and expense basis as provided for in the CONTRACTOR'S Rate Manual at the time such services are rendered.

(c) PRINCIPAL agrees to pay CONTRACTOR for the internal and/or external cost of retaining, storing, retrieving, logging, packing and shipping files which are stored on or off premises by CONTRACTOR.

14. HOLD HARMLESS

PRINCIPAL agrees to defend any legal action commenced against CONTRACTOR caused directly or indirectly by the alleged wrongful or negligent acts, errors or omissions of PRINCIPAL; and indemnify CONTRACTOR against any liability, loss, cost or damage including attorneys' fees resulting therefrom.

CONTRACTOR agrees to defend any legal action commenced against PRINCIPAL caused directly or indirectly solely by the wrongful or negligent acts, errors or omissions of the CONTRACTOR, employees, agents or others engaged by CONTRACTOR and to indemnify PRINCIPAL against any liability, loss, cost or damage including attorneys' fees resulting therefrom.

15. AUDITS

The CONTRACTOR'S files shall be made available for audits at any time upon reasonable notice. Reasonable notice shall be defined as thirty (30) days or as otherwise agreed by the parties. If special retrieval or shipment of the requested files is necessary, PRINCIPAL shall reimburse CONTRACTOR at cost. The CONTRACTOR reserves the right to reject an auditor proposed by PRINCIPAL if the proposed auditor may gain an unfair competitive advantage over CONTRACTOR by conducting such an audit.

IN WITNESS WHEREOF, the parties hereto have caused these present to be signed by the duly authorized Officers as of the day and year first above written.

(CONTRACTOR)

(PRINCIPAL)

CARL WARREN & COMPANY

CITY OF HUNTINGTON PARK

BY: *Carly Sheberd*

BY: *René Bobadilla*

René Bobadilla

TITLE: *President*

TITLE: City Manager

DATE: *9/18/13*

DATE: September 16, 2013



CITY OF HUNTINGTON PARK

Finance Department
City Council Agenda Report

August 26, 2014

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

APPROVE AND ADOPT THE PROPOSED GENERAL FUND BUDGET FOR FISCAL YEAR 2014-15

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Adopt the Resolution to approve and adopt the FY 2014-15 General Fund Budget

BACKGROUND

For FY 13-14, the City passed a \$26.7 million Continuation Budget for its General Fund, which had a \$3.2 million structural deficit. This budget was adopted with the expectation that the City would resolve a number of issues by the end of the fiscal year, most important of which was the resolution of the \$2.5 million pension tax dispute with the State Department of Finance (DOF), hence the term "Continuation Budget". The City continues to work toward a legislative solution in this matter; however, the outcome of these efforts will not be known until the end of the legislative period in late August. Moreover, the City will soon commence offering a two-year retirement incentive (i.e., Golden Handshake) and we expect that this program will help to reduce the workforce and employee costs. The collective outcome of these two critical factors if positive should eliminate the City's structural deficit, enable us to rebuild critically needed reserves, and position the City on the path of longer-term financial sustainability.

During the July 7 Council meeting, staff presented expected financial results once the FY 13-14 year is closed as well as a preliminary budget discussion for the proposed FY 14-15.

We recommend that the City Council approve the FY 14-15 budget, with **(\$2.4) million** structural deficit. We expect that certain outcomes should be known in the next three to six months. If there is not a positive resolution to the pension tax issue, then the City will

need to make staff reductions, and most likely other changes beginning in January 2015.

FY 13-14 FINANCIAL RESULTS

Revenues

Based on YTD revenue comparisons through June 30, the City expects to realize \$24.4 million in revenues for FY 13-14 and ahead of the approved continuation budget of \$23.5 million. As of June 30, 2014, actual revenues received totaled \$25.0 million, including \$1.0 million in one-time revenue. Financial results reflect strong performance in property and transfer tax, franchise and utility users' taxes.

Expenses

The City was able to maintain strong expenditure controls as a result of the diligence of all city departments. The City also benefited from a reduction in expenditures as a result of two (2) motorcycle police positions which remained unfilled during the fiscal year. We expect to close the FY 13-14 year with total expenditures of \$26.6 million. The net result is a budget shortfall of (\$1.6) million, again, reflecting the benefit of a one-time \$1.0 million receipt.

FY 2014-15 BUDGET

The budget for FY 2014-15 proposes a revenue baseline of \$24.0 million, *plus* adjustments of \$400,000 as a result of improving property and sales tax revenues for a total revenue budget of **\$24.4 million**. Adopting an expenditure baseline budget of **\$26.8 million** will result in a budget deficit of (\$2.4) million. The FY 15 \$26.8 million expenditure budget reflects a net increase of \$200K over the FY 14 expenditure budget. Salary/medical adjustments, IT and special events total \$485,000 and are partially offset by the reduction of \$320,000 as a result of a re-negotiated street sweeping contract.

FISCAL IMPACT/FINANCING

Despite the upward economic trends and the City's improving revenue outlook, the City's budget is structurally out of balance; i.e., the City continues to spend more revenues than it brings in clearly highlighting that larger and more permanent decisions must be made with regard to lowering the City's expenditure baseline.

It is critical that the City be able to resolve this ahead of any further rating agency action. The ongoing drawdown of financial reserves and inaction around expenditure cuts will result in further negative action and will likely lead to other unintended consequences. None of these outcomes will be helpful to the City and will likely exacerbate already challenging circumstances.

APPROVE AND ADOPT THE PROPOSED GENERAL FUND BUDGET FOR FISCAL
YEAR 2014-15

August 26, 2014

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Even if there favorable resolution of the pension tax dispute that allows the City to resolve its budget deficit, the City should still consider paring its expenditure budget in order to begin setting aside monies into reserves in order to restore financial flexibility and put the City on a path towards longer term sustainability.

CONCLUSION

Upon Council approval, the FY 2014-15 budget will be adopted and staff will implement the related revenue and expenditure adjustments.

Respectfully submitted,



JULIO F. MORALES
Interim City Manager



ANNIE RUIZ
Acting Director of Finance

ATTACHMENTS

- A: Resolution
- B: Revenue summary
- C: Expense summary
- D. Employee position summary

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON PARK ADOPTING THE ANNUAL BUDGET AND EXPENDITURES FOR FISCAL YEAR 2014-15

WHEREAS, the City Council of the City of Huntington Park reviewed the FY13-14 financial performance and FY 2014-15 proposed budget at previous Council meetings on July 7 and July 21; and

WHEREAS, the City of Huntington Park's Proposed Budget for FY 2014-15 reflects revenues and expenditures necessary to meet the City's needs; and

WHEREAS, the City Council may amend the budget at any time after its adoption by a majority vote of the Council members; and

WHEREAS, City staff will prepare and issue timely interim reports on the City's fiscal status to the City Council and departments; and

WHEREAS, each City department manager is charged with monitoring budgets that are under his/her responsibilities and controlling and limiting costs to stay within the adopted budget amount; and

WHEREAS, the City has established various special revenue, capital project and agency funds to account for revenues and deposits whose use is restricted to certain activities. Each fund exists as a separate accounting entity from other funds, with its own revenue sources, expenditures and fund equity. Anticipated transfers between funds for operating purposes can be made by City staff in accordance with the adopted budget; and

WHEREAS, the City Council of the City of Huntington Park recognizes that the City of Huntington Park has a structural budget deficit and must therefore implement and carry out actions to bring City expenditures in line with revenues in order to restore financial well-being and achieve longer term sustainability.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUNTINGTON PARK AS FOLLOWS:

SECTION 1. The foregoing statements are true and correct.

SECTION 2. The authorized budget for the Fiscal Year 2014-2015 as generally described in Exhibit A of this Resolution is hereby approved.

SECTION 3. The Fiscal Year 2014-2015 comprehensive budget as generally described in Exhibit A of this Resolution is more specifically detailed in that certain document entitled FY 2014-15 General Fund Proposed Budget which is also approved and incorporated by reference into this Resolution. For purposes of this Resolution, the aforementioned document may hereinafter be referred to as the "Approved Fiscal Year 2014-2015 City Budget." The Approved Fiscal Year 2014-2015 City Budget is an official

record of the City and a true and correct copy of the same shall be posted on the City's Internet website with a hard copy maintained by the City Clerk.

SECTION 4. The City Council hereby approves and adopts the budget for the Fiscal Year 2014-15 and appropriates the funds for the uses and purposes shown in the Approved Fiscal Year 2014-2014 City Budget.

PASSED AND APPROVED AND ADOPTED by the City Council of the City of Huntington Park at its special meeting on this 26th day of August, 2014.

Rosa E. Perez, Mayor

ATTEST:

Yesenia Gomez
Acting Jr. Deputy City Clerk

APPROVED AS TO FORM:

Isabel Birrueta
Assistant City Attorney

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS:
CITY OF HUNTINGTON PARK)

I, Yesenia Gomez, Acting Jr. Deputy City Clerk of the City of Huntington Park, hereby certify that the foregoing Resolution No. _____ was passed and adopted by the City Council of the City of Huntington Park, signed by the Mayor and attested by the Acting Jr. Deputy City Clerk at a special meeting of said Council held on the ____ day of August, 2014, and that said Resolution was adopted by the following vote, to-wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Yesenia Gomez
Acting Jr. Deputy City Clerk

Exhibit A
[See attached pages]

CITY OF HUNTINGTON PARK

General Fund Revenues

DESCRIPTION	Budget		Budget
	FY 12-13	FY 13-14	FY 14-15
TAXES			
1 Property Tax	\$5,545,000	\$5,600,000	\$6,001,800
2 Sales and Use Tax	5,742,521	5,570,000	5,848,500
3 Franchise Tax	600,000	600,000	800,000
4 Utility Users Tax (UUT)	5,300,000	5,500,000	5,500,000
5 Public Safety Augmentation	100,000	100,000	125,000
6 Transient Occupancy Tax (TOT)	40,000	40,000	46,000
7 Property Transfer Tax	35,000	35,000	42,000
	\$17,362,521	\$17,445,000	\$18,363,300
8 Business Licenses	\$ 1,315,000	\$1,315,000	\$1,315,000
9 Permits	354,000	354,000	354,000
LICENSE & PERMITS	\$1,669,000	\$1,669,000	\$1,669,000
10 Police Fees	\$ 161,500	\$ 371,500	\$ 423,900
11 Recreation Fees	321,000	321,000	369,150
12 Planning & Zoning Fees	290,500	290,500	290,500
CHARGES FOR SERVICES	\$773,000	\$983,000	\$ 1,083,550
13 Court Fines	\$ 25,000	\$ 25,000	\$ 17,078
14 Parking Ticket Revenues	1,500,000	1,375,000	1,375,000
16 Fines - Civil Confinement	-	-	-
17 Fines and Bail Forfeiture	90,000	474,000	474,000
18 Code Enforcement Fines	10,000	10,000	10,000
FINES & FORFEITURES	\$1,625,000	\$ 1,884,000	\$ 1,876,078
19 Interest Income	60,000	\$ 60,000	\$ 1,000
20 Rental Income	180,000	180,000	180,000
INTEREST & RENTAL INCOME	\$240,000	\$240,000	\$181,000
21 Reimbursements	204,000	\$ 204,000	\$ 204,000
22 MVLF	-	0	0
23 Other Revenues Itemized	122,829	122,829	121,829
24 Misc. Revenue & Fees	27,600	27,600	27,600
OTHER REVENUE	\$354,429	\$354,429	\$ 353,429
DIRECT REVENUES	\$ 22,023,950	\$ 22,575,429	\$ 23,526,357
TRANSFERS IN	\$ 551,000	\$ 901,000	\$ 870,000
One Time Revenue		\$ -	\$ -
TOTAL REVENUES	\$ 22,574,950	\$ 23,476,429	\$ 24,396,357

CITY OF HUNTINGTON PARK

General Fund Expense Summary

Description	FY 12-13	FY 13-14	FY 14-15
	Budget	Continuation Budget	Proposed Budget
CITY MANAGER	\$ 1,801,855	\$ 2,092,329	\$ 2,049,079
FINANCE	\$ 1,594,259	\$ 1,449,812	\$ 1,663,760
PUBLIC WORKS	\$ 3,167,002	\$ 2,763,793	\$ 2,432,010
PARKS & RECREATION	\$ 1,479,692	\$ 1,493,553	\$ 1,506,814
POLICE DEPARTMENT	\$ 17,700,945	\$ 17,649,484	\$ 17,978,689
COMMUNITY DEVELOPMENT	\$ 673,280	\$ 947,208	\$ 862,950
CITY COUNCIL	\$ 290,378	\$ 323,803	\$ 353,280
TOTAL GENERAL FUND	\$ 26,707,411	\$ 26,719,982	\$ 26,846,582

City of Huntington Park

Fiscal Year 2014-2015

Employee Positions Summary					
DEPT	Position	Annual Base Salary	Total Salary & Benefits	# OF POS	
110	City Council	FT Admin Asst-Council Total	58,682	88,942	1
110	City Council	FT Council Total	73,719	129,409	5
210	City Manager	FT Exec. Asst. Total	69,498	104,826	1
210	City Manager	FT Interim City Manager (City Manager) Total	196,394	265,097	1
210	City Manager	FT Secretary HR-Div Total	53,124	83,433	1
210	City Manager	FT XX Assist to the City Manager Total	84,279	114,321	1
210	City Manager	N/A Civil Serv Comm. Total	1,000	1,015	2
230	City Manager	FT Personnel Asst. (Human Resources Asst.) Total	62,293	95,660	1
230	City Manager	FT Personnel Superv. Total	100,430	148,204	1
1010	City Clerk	PT Administrative Intern Total	9,340	9,475	1
1010	City Clerk	FT Records & Img Clrk (Acting Jr Deputy City CL) Total	41,632	72,737	1
1010	City Clerk	FT Sr. Deputy City Clerk Total	69,391	100,087	1
3010	Finance	FT Accountant (Acting Finance Manager) Total	68,129	97,791	1
3010	Finance	FT Admin Asst-Finance Total	58,682	90,314	1
3010	Finance	FT Business License Technician Total	41,297	65,997	1
3010	Finance	FT Director of Finance Total	155,592	202,709	1
3010	Finance	FT Finance Asst. I Total	183,035	299,899	4
3010	Finance	FT Finance Asst. I (Acting Admin Asst) Total	45,759	70,220	1
3010	Finance	PT Finance Asst. I (PT) Total	17,901	18,160	1
3010	Finance	PT Finance Asst. II Total	48,093	67,013	1
3010	Finance	FT Finance Mgr. (Acting Director of Finance) Total	91,544	136,651	1
3010	Finance	FT Finance Technician Total	59,269	87,090	1
3010	Finance	PT Management Intern (PT) Total	28,654	29,070	2
3010	Finance	FT Sr. Accountant Total	73,773	97,660	1
3010	Finance	PT XX Switchboard Operator/Clerk (PT) Total	16,205	16,440	1
5010	Community De	FT Assistant Planner Total	68,129	90,924	1
5010	Community De	FT Asst City Engin. / Building Official Total	122,543	159,632	1
5010	Community De	FT Building Inspector Total	30,044	44,006	1
5010	Community De	PT Engineering Interns (PT) Total	34,560	35,061	2
5010	Community De	PT Grad Mgmt Intr (PT) Total	32,735	33,209	2
5010	Community De	N/A Health & Edu Com Total	2,250	2,283	5
5010	Community De	N/A Historic Prsrv Com Total	1,350	1,370	3
5010	Community De	FT Housing & CD Mgr Total	104,508	149,266	1
5010	Community De	FT Permit Technician Total	22,070	35,032	1
5010	Community De	N/A Planning Comm. Total	4,500	4,565	5
5010	Community De	PT Planning Intern (PT) Total	28,654	29,070	2
5010	Community De	FT Planning Manager Total	92,175	136,524	1
5010	Community De	FT Redev. Proj Mgr Total	93,673	133,642	1
5010	Community De	FT Sec. GEA Total	58,682	91,783	1
6010	Parks & Recreæ	FT Administrative Assistant Parks Total	44,856	70,869	1
6010	Parks & Recreæ	PT Asst Rec Leader (PT) Total	263,975	267,802	33
6010	Parks & Recreæ	FT Dir. Pks & Rec Total	140,861	186,994	1
6010	Parks & Recreæ	FT Mgmt Analyst Total	68,129	91,784	1
6010	Parks & Recreæ	N/A Parks & Rec Comm. Total	1,350	1,370	3
6010	Parks & Recreæ	PT Rec Leader (PT) Total	65,414	66,363	6
6010	Parks & Recreæ	PT Rec Specialist (PT) Total	28,458	28,871	2
6010	Parks & Recreæ	FT Rec. Coordinator Total	92,633	152,676	2
6010	Parks & Recreæ	FT Rec. Supervisor Total	125,287	178,873	2

City of Huntington Park

Fiscal Year 2014-2015

Employee Positions Summary				
DEPT	Position	Annual Base Salary	Total Salary & Benefits	# OF POS
7010 Police	FT Chief of Police Total	186,000	290,218	1
7010 Police	FT PD Lieutenant Total	601,245	976,925	5
7010 Police	FT PD Sergeant Adv Total	1,255,346	1,906,042	12
7010 Police	FT Police Captain Total	12,581	16,931	1
7010 Police	FT Police Officer Total	159,932	243,975	2
7010 Police	FT Police Officer (Asset Forfeiture) Total	65,136	96,121	1
7010 Police	FT Police Officer (Motorcycle) Total	130,272	196,335	2
7010 Police	FT Police Officer Adv Total	1,148,318	1,751,942	13
7010 Police	FT Police Officer Adv. Post Total	88,332	134,325	1
7010 Police	FT Police Officer Int. Total	924,494	1,392,803	11
7010 Police	FT Police Officer Trainee Total	53,379	70,722	1
7010 Police	FT Senior Officer Adv Total	1,763,920	2,692,521	19
7010 Police	FT Senior Officer Int. Total	92,838	140,242	1
7020 Police	FT Admin Asst to COP Total	61,676	97,195	1
7020 Police	FT Admin Specialist Total	44,857	74,639	1
7020 Police	FT Animal Enf Off. Total	100,091	157,200	2
7020 Police	FT Bus. Lic. Enf. Total	62,915	93,714	1
7020 Police	FT Code Enforc Off. Total	125,831	174,555	2
7020 Police	FT Code Enforc Supv. Total	69,498	105,246	1
7020 Police	FT Comm. Oper. Total	433,005	633,263	7
7020 Police	PT Comm. Oper. (PT) Total	107,599	109,160	4
7020 Police	FT Comm. Serv. Off. Total	119,844	174,359	2
7020 Police	PT Grad Mgmt Intr (PT) Total	16,367	16,605	1
7020 Police	FT Jailer Total	319,065	485,148	6
7020 Police	PT Jailer (PT) Total	46,101	46,769	2
7020 Police	FT Parkng Enf. Officer Total	334,651	526,016	7
7020 Police	FT PD Rec Clk Total	233,393	349,639	5
7020 Police	PT Police Cadet (PT) Total	276,742	280,755	21
7020 Police	FT Prop & Evid Spec. Total	62,355	102,198	1
7020 Police	FT Sec. GEA Total	106,249	176,463	2
7020 Public Works	FT Dir Pub Wks/Cty Eng Total	142,269	178,407	1
7020 Public Works	FT Equip Mech Total	118,538	175,318	2
7020 Public Works	FT Equip Mech Supv. Total	80,685	117,842	1
7020 Public Works	FT Fac. Rep. Spec Total	109,468	163,612	2
8020 Public Works	FT Journeyman Electr. Total	68,810	100,465	1
8020 Public Works	FT Maint. Wkr Total	464,059	693,612	9
8020 Public Works	FT Office Asst. II Total	43,756	71,723	1
8020 Public Works	FT Pub. Wrks Supv. Total	152,018	223,099	2
8020 Public Works	FT Public Works Superintendent Total	91,685	131,674	1
8020 Public Works	FT Recycling Coord. Total	68,129	97,603	1
8020 Public Works	FT Sec. GEA Total	53,124	82,904	1
8020 Public Works	FT Staff Analyst - FS Total	76,009	106,817	1
8020 Public Works	FT Storekeeper Total	48,574	75,143	1
	Grand Total	\$ 13,753,707	\$ 20,214,431	

City of Huntington Park

Fiscal Year 2014-2015

Vacant Positions					
1010	City Clerk	FT	Sr. Deputy City Clerk	\$ 69,391	\$ 100,087
3010	Finance	FT	Director of Finance	155,592	202,709
3010	Finance	FT	Finance Technician	59,269	87,090
5010	Community De	PT	Grad Mgmt Intr (PT)	16,367	16,605
5010	Community De	PT	Grad Mgmt Intr (PT)	16,367	16,605
6010	Parks & Recre	PT	Asst Rec Leader (PT)	6,255	6,346
7010	Police	FT	PD Lieutenant	120,249	200,449
7010	Police	FT	PD Lieutenant	120,249	200,449
7010	Police	FT	PD Lieutenant	120,249	187,335
7010	Police	FT	PD Sergeant Adv	104,612	157,157
7020	Police	FT	Code Enforc Off.	62,915	91,753
7020	Police	PT	Grad Mgmt Intr (PT)	16,367	16,605
7020	Police	PT	Police Cadet (PT)	11,670	11,839
7020	Police	PT	Police Cadet (PT)	11,670	11,839
7020	Police	PT	Police Cadet (PT)	11,670	11,839
7020	Police	PT	Police Cadet (PT)	13,611	13,808
7020	Police	PT	Police Cadet (PT)	13,611	13,808
7020	Police	PT	Police Cadet (PT)	13,611	13,808
7020	Police	PT	Police Cadet (PT)	14,327	14,535
7020	Public Works	FT	Dir Pub Wks/Cty Eng	142,269	178,407
7020	Public Works	FT	Fac. Rep. Spec	54,734	79,945
			Total	\$ 1,168,666	\$ 1,646,824

Budgeted Positions To Be Filled					
5010	Community De	FT	Asst City Engin. / Building Official	\$ 122,543	\$ 159,632
5010	Community De	FT	Building Inspector	30,044	44,006
5010	Community De	PT	Engineering Interns (PT)	17,280	17,531
5010	Community De	PT	Engineering Interns (PT)	17,280	17,531
5010	Community De	FT	Permit Technician	22,070	35,032
6010	Parks & Recre	FT	Administrative Assistant Parks	44,856	70,869
7010	Police	FT	Police Captain	12,581	16,931
7010	Police	FT	Police Officer (Asset Forfeiture)	65,136	96,121
7010	Police	FT	Police Officer (Motorcycle)	65,136	98,167
7010	Police	FT	Police Officer (Motorcycle)	65,136	98,167
			Total	\$ 462,062	\$ 653,987