Woodland City Council Minutes Council Chambers 300 First Street Woodland, California

September 23, 2003

SPECIAL/CLOSED SESSION AGENDA SECOND FLOOR CONFERENCE ROOM

6:00 P.M.

Council met in Closed Session for the purpose of holding a conference with Legal Counsel regarding anticipated litigation, significant exposure to litigation pursuant to Subdivision (b) of Section 54956.9, one potential case. In attendance at this session were Mayor Flory, Vice Mayor Rexroad, Council Members Dote and Peart, City Manager Kirkwood, City Attorney Siprelle (via conference call) and Community Development Director Stevens. Council also held a conference to discuss a Public Employee Performance Evaluation Pursuant to Section 54957 for the City Manager. City Attorney Siprelle and Community Development Director Stevens were not present for this portion of the Closed Session.

CITY COUNCIL SPECIAL MEETING/STUDY SESSION

7:00 P.M.

Mayor Flory indicated Closed Session had been held to discuss with Legal Counsel anticipated litigation and Council had given direction. Council also held and continued to a future Closed Session, discussion on evaluation of the City Manager.

CALL TO ORDER

Mayor Flory called the regular meeting of the City Council to order at 7:05 p.m.

PLEDGE OF ALLEGIANCE

Mayor Flory invited all in attendance to join in the Pledge of Allegiance led by former City Council Member Xavier Tafoya.



ROLL CALL

COUNCIL MEMBERS PRESENT: Martie Dote, Neal Peart, Matt Rexroad, David

Flory

COUNCIL MEMBERS ABSENT: Jeff Monroe

STAFF MEMBERS PRESENT: Rick Kirkwood, Phil Marler, Margaret Vicars,

Joan Drayton, Carey Sullivan, Karl Diekman, Marie Bryan, Tricia Stevens, Gary Wegener,

Dan Gentry, Sue Vannucci

COUNCIL/STAFF COMMENTS AND REQUESTS

Mayor Flory indicated a Mayor's Proclamation would be issued to recognize the week of September 21 through 27, 2003 as "Employ the Older Worker Week" in the City. Mayor Flory presented the Proclamation to Aurora Rodriguez of the Employment Development Department. Ms. Rodriguez outlined the purpose of the recognition and the events to be held during the week.

Council Member Peart commended the work on the Court Street reconstruction project and requested a letter of commendation be issued to Teichert Construction for their diligence in working with redirecting traffic and completion of the project in an outstanding manner. Council concurred but requested the letter of commendation not be issued until the Notice of Completion is officially approved and filed.

Council Member Peart indicated there has been and continues to be extreme confusion regarding the flood elevations within the City as recently seen in the report by the County that they feel the Yolo County Communications building will not be affected by flood waters. He requested the actual projected flood elevations be indicated on City street sign poles in permanent marking for citizens to note how high the water would be should a flood event take place. He would also like to work on a City Emergency Flood Plan. City Manager Kirkwood will work with Council Member Peart on such a Plan.

Council Member Dote indicated the Local Agency Formation Commission (LAFCO) had continued to October 2003 their discussion regarding annexation of the Spreckels Business/ Industrial Park land in relation to the Clark Pacific project. LAFCO also recommends a "summit" of the various Cities and the County regarding developing consistency with the agricultural mitigation measures.

It was announced the County Board of Supervisors adopted a Resolution designating the Cities of Davis, West Sacramento and Woodland as Safe Havens. This



program allows the relinquishment of newborns to the Fire Departments in these Cities and provides for the training of Department staff to receive these children.

City Manager Kirkwood announced that on October 9, 2003 the annual Employee Appreciation Day will be held from 11:30 to 1:30 at the Fairgrounds.

REPORTS OF THE CITY MANAGER

2003-04 OPERATIONS & MAINTENANCE BUDGET AND STATE IMPACTS

City Manager Kirkwood said Council had directed the City budget to return for discussion and consideration following adoption of the State budget. He recommends the budget remain at status quo with no cost increases other than the implementation of the various Memorandums of Understanding and to address the cost of benefits. He outlined the process for the budget discussion before the Council.

Finance Director Emeritus Vicars said the budget has been undergoing consistent refinement with direction as provided by the Council and the outcomes of the State budget. Council indicated they wanted to avoid layoff of staff, consider possible reduction or elimination of a few programs amounting to approximately \$200,000, and had imposed a Vacant Position Review program. With the addition of revenue in the amount of approximately \$200,000 from renegotiation of the Waste Management Franchise Agreement, money was reserved for a State budget set aside.

The State budget impacts have focused primarily on our General Fund, but consideration needs to be kept in mind regarding the Redevelopment Agency as those dollars had been targeted of late. Specific areas in relation to the State budget follow.

Triple Flip

The process and timeline beginning in August 2004 was outlined for the Council. The State is taking 1/2 of the local 1/6 revenue from sales tax and substituting that "take" with property tax. This .50% is a new and un-obligated source of State revenue to meet the debt service on the \$10.7 billion bond issue. The City collects sales tax on a monthly basis and the proposal would only pay the property tax in January and May of each year with no interest. Vice Mayor Rexroad asked of the two payments being spread how much interest would that generate and who would be holding. Director Vicars said the State Board of Equalization would hold and receive the interest. We will have a \$3 million cash flow



issue and \$800,000 to \$900,000 in interest we must pay on the funds we will need to borrow to cover the cash flow loss. The City would borrow on the short term. For the first six months we depend on the sales tax revenue. It is very difficult to build a budget on this type of financial process.

Council Member Peart asked if the State could take this money (property tax) away from the Cities as well. Director Vicars said they could but they may take State sales tax as a new and un-obligated bond debt to pay on the money they had to borrow. There is an Implementation Committee working of these issues.

Vehicle-in-Lieu 90-Day Non-Payment of 67% Backfill

The State will not pay the 67% backfill of the VLF for the 90 day Department of Motor Vehicles implementation period. This equates to a revenue loss of \$496,635 and became effective as of June 20, 2003. For 2002-03, the revenue loss is insignificant. Offsets for the VLF shortfall include the reinstatement of the booking fees at \$152,000 and POST fees at \$40,000. There was also a one time transfer from 1978 Assessment District fees in the amount of \$270,000 and the possible utilization of \$34,635 of the \$200,000 reserve from the Waste Management Franchise fee which would make this shortfall at zero. Vice Mayor Rexroad asked if the booking fees are reimbursed upfront and Director Vicars indicated they reimburse entirely when submitted but the POST reimbursements are reimbursed as they happen. The \$200,000 increase in the Franchise Fee is an ongoing source of revenue. Should Council approve the use of \$34,635 to make the VLF shortfall whole, the remaining \$165,365 could be utilized for other purposes. This VLF shortfall may be an ongoing loss rather that a one-time only loss.

City Manager Kirkwood reminded Council that these funds removed from the City budget by the State could have been utilized for other programs for the citizens. Our conservative budget approach and reserves set aside will help somewhat but we cannot continue to rely on these reserves. It is his recommendation that reserves be at between 12% and 13% of the total budget, while we strive for 8%, which equates to one month of operating revenue for the City.

Director Vicars indicated the State has reinstated the booking fees and POST fees as mentioned previously. Neither of these two funding sources were considered in the 2003-04 preliminary budget. Should the Council determine to utilize these funds as a one-time partial offset for the VLF revenue loss, the impact would be at a plus \$192,000. The 1978



Assessment District will allow the City to call in the remaining bonds as of January 2, 2004. These assessments were not placed on the tax rolls for this year and the property owners will not be charged. The residual amount after payment of the bonds is \$270,000, which could be applied to the VLF shortfall. The remaining shortfall is at the \$34,635, also previously mentioned. By taking the actions to address the shortfall, the budget is in balance for this year. As the State continues to seize the \$1.5 million annually, which now totals \$19 million over the last twelve years, the City must reduce available resources. Director Vicars recommended with the information provided, the Council concur to the suggested methods of funding the VLF shortfall and to discontinue the Vacant Position Review process.

Safety Staffing-Fire Department

Chief Diekman indicated the Department has two issues which include additions of staff, that of a fourth Engine Company and staffing to bring the Department in compliance with industry safety and operation staff guidance. He presented a proposed timeline of implementation by phasing the staff additions and associated costs. He outlined the proposed increase staffing needs for the period through 2010.

Council Member Peart asked if the Service Worker position proposed had been approved. Chief Diekman said the position had been discussed but due to budget concerns, had not moved forward.

Safety Staffing-Police Department

Chief Sullivan said in April 2003 the Strategic Plan for the Department indicated the shortage of 7 sworn and 3 non-sworn positions. This is not inclusive of projected future growth needs. The associated costs for the positions and equipment were identified.

Council Member Dote asked how far out these staffing additions would take the City. Chief Sullivan said this is totally separate from the needs of the new Spring Lake Specific Plan area as this is the current shortfall. They will need to look at future needs and how the General Fund could address those needs. Council Member Peart asked if the overtime was considered in the shortage and Chief Sullivan indicated that overtime has no bearing on the need for additional staff at this time.



Safety Summary

Director Vicars presented information showing the additional impact on the General Fund for the proposals for increases to safety positions in the City through 2011. By year 2011, that cost is estimated to be at an additional \$2,995,375. The 8% reserve could help the City meet the needs, but it is not recommended to utilize those reserves for ongoing costs. Other sources of possible income are unknowns at this time.

Park Maintenance

Director Gentry indicated he is addressing the concerns expressed previously regarding outsourcing the Lighting and Landscaping District costs directed at this time to Klenhard and Pioneer Parks. A report will return to Council at their October 21, 2003 meeting.

Capital Needs

Director Vicars said Council had reviewed the 10 most crucial needs for capital projects at an estimated cost of \$150 million. In the next, month proposals on the Motor Vehicle Replacement Reserve Fund will be coming before Council. She reminded Council that wages and benefits comprise 70% of the General Fund budget.

Revenue Issues

The study underway on User Fees indicates possible additional revenue of approximately \$100,000. In July, at Council direction, the City billed the State for unpaid mandated costs, property tax transfers, and invoices in an amount of \$19,739,812. By August 8th, many of those billed items had been paid or scheduled for payment, totaling \$708,000 received to date. New sales tax revenues from Home Depot, Marshall's and Applebees have not been fully realized. The revenues associated with the new Spring Lake Specific Plan development, the proposed Auto Mall, Gibson Plaza, and Safeway have not been included in the projections.

Summary

The needs for Police and Fire will be a continuing challenge to ascertain funding sources. Capital needs, priorities and funding sources are uncertain. Increases in revenue over the next several years will be severely limited.



Recommendations

Director Vicars recommended Council approve of the proposed program to offset one-time Vehicle in Lieu Fee losses for 2003-04 in the amount of \$496,635, discontinuation of the Vacant Position Control process and continuance of detailed discussion on the mechanism to fund the Police and Fire staffing and associated equipment shortfalls and other General Fund issues to the November 8, 2003 Council/Staff retreat.

Mayor Flory asked Council to utilize the current General Plan goals and priorities and direct the City Manager present a plan to meet those goals with a timeline on when they will be achieved. Vice Mayor Rexroad said is not a management issue but a Council priority issue. Council agrees to go forward on various plans but decisions made have serious repercussions in other Departments.

Council Member Dote said the reserves should be kept for catastrophic events. Sale a assets provide onetime money only. Mayor Flory said Council should decide priorities before the November 8th workshop so staff can be prepared. Development would generate money on a continuing basis.

Council Member Peart said Council and Staff have been working very hard to keep the City operating but continue to be blocked by State actions. He commended Director Vicars for balancing the budget in these extremely difficult times. He would like to support the safety program needs.

City Manager Kirkwood said discussions had been heard on the expectations and goals of the General Plan. The Plan discusses revenues to be developed. The level of service and deficiencies in terms of funding sources are also mentioned in the Plan. The goals and objectives in the Plan help to build the financing plans. The City is not now in control of their finances because of the State inability to manage their budget. The general population will not support any revenue changes at this time.

Director Vicars called attention the information regarding the numbers of employees in government service in California. The State and County have increased in their number of employees per thousand, while the City has declined. The average for City employees throughout the State is 9 per thousand and our City is at 6 per thousand, which is one-third below the average. The City is utilizing fewer employees to deliver the same services and citizens are now beginning to see those service levels decline. Council Member Dote said with Proposition 13 people who own very similar homes are paying very different tax rates depending upon how long they have stayed in the home



and/or how frequently the house has turned over and been reassessed. The people who have been in their homes for 20 years are paying the tax rate from 1981 and are receiving services that cost the City 2003 dollars. This is one of the reasons why Cities are dependent upon sales tax. The State now has penetration into the 1% tax rate, which the City had previously felt was protected.

Vice Mayor Rexroad questioned discontinuance of the Vacant Position Review process. Director Vicars said at the time this process was put into place, the City was unsure of the State budget picture and Council the goal is to avoid staff layoffs. As this year is settled it is proposed to discontinue for now. Vice Mayor Rexroad said if we are going to look at these issues on November 8th, he would like to hold on discontinuing the process until that time.

On a motion by Vice Mayor Rexroad, seconded by Council Member Peart and carried by the Members present, Council approved the proposed program to offset the one time Vehicle-in-Lieu Fee losses and have detailed discussions in regard to Police and Fire at the November 8th Retreat.

CONSENT

On a motion by Council Member Dote, seconded by Council Member Peart and carried by the Members present, Council approved the following Consent Calendar items:

<u>SET PUBLIC HEARING-APPEAL OF CONSTRUCTION OF VOSBURG APARTMENTS</u> AT 505 COMMUNITY LANE

Council set October 7, 2003 as the date to hear the Appeal filed by American Westside Investors, Stiffler Properties, regarding construction of the Vosburg Apartments at 505 Community Lane.

SPRING LAKE SPECIFIC PLAN OFF-SITE SEWER PUMP STATION BID AWARD AUTHORIZATION CONTINGENT UPON SECURING OF ADEQUATE FUNDING

Council authorized the City Manager to execute a Construction Contract with the lowest responsive/responsible bidder at an amount not-to-exceed \$2,372,500 contingent upon receipt of adequate funding from the first phase property developers.



SPECIAL COUNCIL MEETING-NOVEMBER 8, 2003

Council set November 8, 2003 as the date for the Council/Senior Management Planning Retreat.

ADJOURNMENT

Mayor Flory adjourned the special meeting of the Council at 8:40 p.m.	
R	Respectfully submitted,
	ue Vannucci, CMC, City Clerk