MINUTES

CITY COUNCIL SPECIAL STUDY SESSION

May 26, 2009 6:00 P.M.

CALL TO ORDER

Mayor Davies called the special study session of the Council to order at 6:00 p.m.

PLEDGE OF ALLEGIANCE

Mayor Davies invited all in attendance to join in the Pledge of Allegiance led by Police Chief Sullivan.

ROLL CALL

Council Members Present: Marlin Davies, Martie Dote (arrived at 6:05),

William Marble, Jeff Monroe, Art Pimentel

Council Members Absent: None

Staff Members Present: Mark Deven, Andrew Morris, Sue Vannucci,

Manuel Soto, Scott Sawin, Dan Sokolow, Barry Munowitch, Sandra Briggs, Cynthia Shallit, Sarena Brumfield, Tod Reddish, Wendy Ross, Chris Fong, Kimberly McKinney, Dan Gentry, Doug Baxter, Amber D'Amato, Rex Greenbaum, Carey Sullivan, Dick Donnelly, Lynn Gatie, Brad Von Striver, Christine Engel

REPORT OF THE CITY MANAGER

2009-10 OPERATING BUDGET AND TEN YEAR FINANCIAL PLAN

Mayor Davies indicated we are in a near depression with extremely difficult financial times, taxes are down, homes are being reassessed. Our



budget will be adopted on June 16, 2009 and it is an estimate at this point in time. The revenue and expenditures will change. Some of our programs will be reduced dramatically. These options will change between now and the June 16^{th} presentation.

City Manager Deven presented the fiscal situation for the City as we know it right now, the requested concessions from the employees and the contingency plan, to include layoffs, should the needed reductions not be met. Our projected revenues for 2009-10 are \$38.7 million, while our projected expenditures at \$45.2 million, thus a projected shortfall of \$6.2 million. Reduction options include: reducing \$5.4 million in expenditures and use of additional General Fund Reserves of \$838,000; reduce \$6.3 million in expenditures and use no additional General Fund Reserves; or reduce \$7 million in expenditures and recover \$700,000 in General Fund reserves. Following the March 31, 2009 meeting the Golden Handshake has been implemented, negotiations have been initiated with the Bargaining Units and a draft budget and Fiscal Policy have been developed to establish a standard for the Reserve Fund Balance. As well, the City has recognized the State threat to "borrow" 8% of our property tax revenue at \$1.3 million; reviewed the revenue estimates and revised our property tax revenue down by \$540,000; and further refined the General Fund Budget to reduce the burden.

In Community Development we have transferred two Administrative Clerk positions out of the General Fund and offered the Golden Handshake to the Assistant City Manager for total reductions of \$622,340. The contingency plan for this Department includes reduction of an additional Administrative Clerk, a Building Inspector, Code Enforcement Officer, and Management Analyst for an additional savings of \$361,595.

In Administration which included the City Manager's Office, City Clerk, Human Resources and Economic Development, the contingency plan includes reducing Economic Development for a savings of \$224,254.

In Parks and Recreation the Golden Handshake has been accepted by three Park Maintenance Workers, a Recreation Superintendent, the Senior Center Manager, an Administrative Clerk and of the Parks and Recreation Director. The impacts will be a General Fund saving of \$1.8 million. It will affect the service levels on the Park maintenance, the Senior Center operation, Senior Center programs and the Administrative support.

The Police Department will transfer the budget for Information Services staff assigned to the Department to the Enterprise Information System Project. Graffiti Abatement and Strategic Operations will be funded. The net savings in



the Police Department will be \$860,024. The contingency plan includes the Strategic Operations, Graffiti Abatement, an additional Police Officer, Records Specialist and Sergeant for a total of \$371,791.

The changes to the Fire Department would be the vacant Firefighter positions would be reduced from 7 to 9, with the proposal to reduce overtime at \$232,583 to offset the difference. The overtime budget would then be \$115,417. This level of overtime would be impossible to maintain without major changes in staffing and policy. Total savings in Fire would be \$1,201,124. The contingency plan includes reduction of the Administrative Clerk position, reduction of a Fire Prevention Specialist for an additional savings of \$155,701.

The Library changes allow for an "alternative budget proposal" that funds highest priority services at \$1,130,789. It would include retention of seven employees at 280 hours per week for a 36 hour per week schedule. It eliminates "non-core" services such as reserved use of the Leake Room for a total reduction of \$209,100. The contingency plan reduces three Library Technician positions for an additional savings of \$220,309.

Other strategies proposed are additional Golden Handshake savings of \$100,000, sale of City Land for Enterprise Programs at \$250,000 and extension of Franchise Agreements at \$85,000.

The total reductions proposed are approximately \$5.5 million, with \$6.8 million needed to balance the budget, for a shortfall of \$1.3 million. In an effort to address the remaining shortfall, concessions from Bargaining Units equal to 5% of total compensation would meet the need and no layoffs would be necessary. Implementation of the contingency plan for each Department would necessitate approximately 13 layoffs and deeper reductions in services.

The Ten Year Plans assist in the identification of future needs. The General Fund will need additional reductions of \$2.25 million in Fiscal Year 2010-11. There is a projection of a stable recovery in Property Tax and in Sales Tax as well by 2012. We also must assume a sharing and/or control of benefits cost escalation to a maximum of 6% annual increases.

The Water Enterprise Fund assumes the use of the balance of previously approved \$9 million in bond financing. A rate study is in progress with a projection of a 20% increase annually for four years beginning in 2010-11 and 6% annually thereafter. The three years of the Surface Water Project are included. The Sewer Enterprise Fund assumes capital expenses to replace our deteriorating infrastructure. The issuance of \$11 million in bond financing to



address capital expenses due to the impact of the pooled case is necessary. Rate increases will remain within the Consumer Price Index.

In Combined Transportation Funds there is a forecast to reduce the share of Transportation Development Act funds. Reduction of the TDA will require "backfill" by alternatives such as Measure E beginning in 2015. Should there be no backfill available, services will need to be reduced further.

In the Redevelopment Agency, there is an assumption of completion of various projects to add to the tax increment. It is also assuming the use of the \$6 million bond for the Court Modernization and Expansion Project. The Redevelopment Agency ends the Ten Year Plan with a positive balance.

Mayor Davies said this is a General Fund issue and identified those programs/ departments that are entirely or primarily part of the General Fund. Other funds cannot be mixed with the General Fund, such as Enterprise, Water, Sewer.

Council Member Monroe asked about the maintenance of the Little League fields and Clark Field. City Manager Deven said he has spoken with the Little League group and advised them that Christensen and Buchignani will not be prepped for them. The normal maintenance will be done by the City.

Council Member Monroe asked with the reduction of the Recreation Supervisor at the Community and Senior Center (C/SC), can we not fill that position. Is there a plan to cover that need. City Manager Deven said there is some ability to reallocate staff but we need to let someone go because of the Golden Handshake requirements. He met with the Parks and Recreation staff on some possible options but there will still be some reduction. The possibility of moving Library Staff to the C/SC had been mentioned and Administration has the option of moving staff anywhere in the City.

Council Member Monroe asked about the overtime reduction and if we will be putting the community at risk. City Manager Deven said we will be looking at certain times of the day and other options that cause overtime to increase or will need to find funds from other reductions to cover that overtime cost.

Council Member Marble asked if the FloodSAFE Yolo Pilot Program is still included in the budget. City Manager Deven indicated that is part of the Capital Budget and remains intact. Council Member Marble asked if the City Manager and Chief Reddish were in agreement on the overtime cuts and the City Manager indicated that was a stretch to say they agreed. If the overtime remains at the



current level or higher, there would need to be other alternatives to assume the needed cuts.

Council Member Marble asked what the City is doing to actively engage more volunteers at the Library. City Manager Deven said there are already many volunteers at the Library, as well as, part of the Rose Garden maintenance. The C/SC also has many volunteers actively participating. We can probably expand that participation but must be careful on what they are asked to do. The CareCar is a prime example.

Council Member Dote lives across form Douglass Junior High School and said the fields are almost entirely cared for by volunteers. She asked if any of the needed \$1.3 million includes furloughs. City Manager Deven said how we get to the needed savings is all open to discussion. Council Member Dote said that in Fire the reduction in safety equipment, apparatus needs, etc., and is the Fire Chief on board with those reductions? City Manager Deven said these are only a one year reduction because many items have been or will be replaced.

Council Member Dote indicated that the discretionary items in the ten year are flat and asked if that was correct and reasonable. City Manager Deven indicated it is not reasonable but we are going to try and keep our expenditures as low as possible. Council Member Dote asked if the State could reduce or eliminate the Proposition 42 Transportation Funds coming to the City during a financial crisis. Senior Management Analyst Gatie indicated they could. Council Member Dote asked with the Senior Manager reduction and additional staff eliminations, who will handle the Board and Commissions and City Manager Deven said that will be among the items that staff will be addressing. Some of the solutions will be addressed as they arise.

Council Member Pimentel said the Youth Center will be handled by the Yolo County Office of Education. He asked if non-profits have been asked about assuming and running these programs. City Manager Deven indicated some programs had been discussed with others. We will be looking at alternatives over the next few months. There will be a period of time where we will need to regroup and look at the alternatives. These programs will not be at the same level as presently set. It will take time.

Mayor Davies indicated he is pleased to see that the staff is working with the Library. This program is very important. We have Libraries in the schools, at the college and our Library is the best. The maintenance of the baseball fields is under discussion but the City will be handling the normal maintenance of the fields. The Council cannot impose salary reductions or furloughs on employees.



We must work with the organizations to see if we can come up with some kind of solution.

At 7:00 p.m. the various speakers began. Those who spoke:

Vicente Escobedo in support of the boxing program

Roni Koebel in support of the C/SC programs, primarily the Senior Center Johnathon Moore, submitted a card but did not appear when called

Lucinda Talkington in support of the senior programs and suggested closing the Center two to three days per week

Ernest Teague, submitted a card but did not appear when called

Nadine DeSmet in support of the Library

Don Campbell, in support of senior programs. Indicated automatic doors had not been installed, CareCar needed, Bingo program needed and the \$800,000 sign in front of the Center was not needed.

Jan Bello in support of the Senior Center and senior programs

Jesse Ortiz in support of the boxing program and ballet folklorico

Steve Booth representing three bargaining units and asking for flexibility in the concession proposals

Alain Traig in support of the Library

Bud Goding in support of the Library

Tim Sharp discussed specific negotiations items of his unit

Cecilia Delevati in support of Community Development and requested managers be laid off

Kay Hodges in support of the Library, presented a petition

Angie Dennis in support of the Parks and Recreation Department and programs

John Murphy in support of the Parks and Recreation Department and programs

Ineke DeWit in support of the Hiddleson Pool

Cindi Fisk in support of the Police Department, cutting salaries of those making over \$100K, cutting management staff.

Jacob Whitaker in support of the Library

Linda Nantz in support of the Community CareCar and the Senior Center

Diane Mahan in support of the Library

Bernadette Murray in support of the Library

Dan Richards in support of the Library

Janet Carrere, President of the Chamber of Commerce, thanked the City Manager for the work he has been doing on the budget and keeping the members of the Chamber informed.

At 8:05 Council summarized their thoughts as follows:



Council Member Marble said Department Directors prioritized these painful recommendations for reductions in services. He is very concerned about the senior group. We are in a completely different era than ever before. Serious and severe economic cuts are being made everywhere. We need to be fiscally conservative because we do not know how long this will go on. We need to look at all of the issues, not just one area. Staff has come up with a balanced approach. We need to ask what they can do for the City to keep these programs We need to give very direct attention to organizations, to volunteers, to meet the needs of the City. Staff and citizen input are strongly needed. The Library proposal is reasonable. He would like to know what the Leake Room costs and would like to keep it in use if possible. C/SC volunteers need to be used and discussed further. He would like to keep the boxing and folklorico open if possible. Public safety is the first priority and responsibility of government and we need to provide adequate protection for the City. Community Development, we have worked for many years to improve customer service in that Department and we need to insure our service level and business friendly environment is up. The ten year plan is vital. We need to implement the Citizen Task Force. The Storm Drain fee is 50 cents per month and is not adequate. We are pulling hundreds of thousands of dollars from the General Fund to cover the costs of the Storm Drain needs. IN 2010-11 we will also be short another \$2 million which will need to be reduced from the budget. We need to work on that now.

Council Member Monroe agrees with Council Member Marble's points. Employees need to come to the table with 5% salary reductions. The contingency plan is so much worse. He works for the Sheriff's Office and they are taking a 10% cut for the next year. His priority is public safety and agrees with the staff recommendations.

Council Member Dote said each Department in the first Tier had cuts of 13-16%. There are two standouts, at 5% of the \$16 million at Police and a 30% hack job at the Parks and Recreation Department. We need to provide staff to run the C/SC. In Community Development, she does not want Code Enforcement cut and the level of service not to be reduced. Failure of the State measures will directly affect u. She does not want to go into any further cuts if the State takes money away and wants to use the reserves. We need to look at those things we need to do and what we should do. People are not good at reducing things or eliminating things unless there is a crisis. She would like to keep the pool open during the summer months.

Vice Mayor Pimentel is very frustrated with the decisions Council needs to make, many because of the poor decisions the State has made. He asked that



the citizens contact their Representatives at the State. He does not want to cut anything because that all programs are important to someone in the City. He asked that people understand we are in a crisis situation that worsens weekly. The Associations need to be aware that we do not want layoffs and we need to get the amount that is fair to them and the community.

Mayor Davies said on June 16th we will adopt a spending plan that will include a lot of cuts that are shown in the presentation. We do not know what the State will be doing and we do not know what the sales and property taxes will do. He wants to keep the volunteers at the C/SC. We need to keep the citizens safe. Community Development needs to be able to issue permits. We need to work with non-profits to keep boxing and folklorico going, maybe as a shared program. We cannot to this without citizen's help.

ADJOURN

At 8:30 p.m., Mayor Davies adjourned the special study session of the Council.

Respectfully submitted,

SS: Susan L. Vannucci, Director of Administrative Services

Adopted by Council: August 24, 2010