

MINUTES
SPECIAL SESSION
MAY 25, 2010
6:00 P.M.

CALL TO ORDER

At 6:00 p.m. Mayor Davies called the Special meeting of the Council to order.

PLEDGE OF ALLEGIANCE

Mayor Davies invited all in attendance to join him in the Pledge of Allegiance.

ROLL CALL

COUNCIL MEMBERS PRESENT: Marlin Davies, Martie Dote, William Marble,
Jeff Monroe, Art Pimentel

COUNCIL MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Mark Deven, Carey Sullivan, Sue Vannucci,
Mark Hierholzer, Greg Meyer, Dan Bellini,
Kim McKinney, Roberta Boegel, Tod
Reddish, Wendy Ross, Ken Bechthold,
Russ Cole, Sarena Brumfield, Jamie
McLeod, Lynn Gatie, Doug Baxter, Paul
Siegel, Christine Engel, Brent Meyer

REPORTS OF THE CITY MANAGER



FISCAL YEAR 2011 PROPOSED OPERATING BUDGET UPDATE AND 10-YEAR FINANCIAL PLAN

City Manager Deven said the purpose of this session is to continue the March 30, 2010 meeting discussion and seek Council direction; to provide updated information regarding activities since the 30th of March; and to review the 10 year financial plan and discuss future issues.

The status of the General Fund since March is that the reduction amount needed remains at \$5.8 million with projected loss of 35.25 positions with 28.25 of those via layoffs. These figures have changed slightly due to the discovery that the Literacy Program funding requires the program to be conducted at a Library, thus it cannot be moved to another site within the City. The City needs to correct the General Fund structural imbalance. The challenge is to balance the Fiscal Year 2010-11 expenses with 2004 level revenues. The City Manager defined discretionary General Fund revenues and presented a comparison of 2004 and 2011. City General Fund revenue is primarily from hotel, sales and property taxes, with other minor sources contributing as well. In 2004 the discretionary revenue was \$21.8 million, with 2010-11 at \$22.8 million. The percentage allocations budgeted for the various Departments have risen significantly for this time period in Police and Fire while other Departments have remain relatively stable or reduced allocation of these percentages. What this means is that of the funds available, the percentages reflected indicate where the expenditures have been directed for that time period.

Since March, City representatives have met with and have had correspondence with the bargaining units, have continued to refine revenues and expenditures, reviewed options for reallocating resources for the highest priority areas and have developed a 10-Year Financial Plan for major City funds.

Meetings are in progress with the Woodland City Employees' Association, Mid-Management Professionals' Association, and Woodland Fire Mid-Management. All Associations indicate support for the offering of the Golden Handshake to the various employees. There have been productive and positive meetings with the Firefighters' and the Fire Mid-Managers. The Police Officers, Police Supervisors and Police Mid-Management Associations plan is to meet after July 1st because of their three year agreements currently in place. It appears there will be no serious negotiations until after the June 8th election. City staff are moving forward and preparing for layoffs based upon the projected shortfall.

Staff is continuing to review and refine expenditures. A meeting is held quarterly with a sales tax consultant who provides us with projections. Of late,



there has been some good news, but we need to be very cautious on our estimates. Much of the savings discussed in March can be achieved if furloughs are implemented for all staff again next year. The projected Animal Services savings are a big concern and the Police Department is continuing to look at this.

The consideration of possible reallocation of Measure E funds in the amount of \$750,000 would defer preparatory road work, would increase costs for rehabilitation of arterial and collector streets, would facilitate more rapid deterioration of roads, could mean a potential loss of Transportation Funds, and is an unfavorable business decision. Further reductions in Parks and Recreation in the amount of \$500,000 could mean closure of the Community and Senior Center, thus relocation of the Senior Program, closure of the newly opened YMCA Fitness Center at that site, closure of Brooks Swim Center and the layoff of a Recreation Supervisor. This facility generates much of their own revenue.

The 10-Year Financial Plans provide a foundation for understanding of the long range impacts of our financial decisions. It reviews all major funds, General, Utility Enterprise, combined Transportation, and Redevelopment Agency funds. The General Fund 10-Year Plan assumes that the \$5.8 million reductions will be made. It indicates that even with those reductions, the City will need an additional \$1.2 million in reductions for next fiscal year. Reductions of up to \$827,000 will be necessary every year through 2020. Staff is making very conservative revenue assumptions. Our historical expenditure assumptions are an indicator of the need to maintain this conservative approach. Should the City continue with the philosophy of "business as usual" we will continue to be looking at drastic reductions or failure to meet our financial obligations. Economic Development and Redevelopment are critical elements to the City financial base. There will be no service expansion for the City in the foreseeable future. Salaries and benefits have continued to increase dramatically. Employee compensation is about 85% of our budget. The new normal is in place and the economics will not go back to what we once enjoyed. Service reduced last year will not be coming back in the near future, if ever.

The Water Enterprise Fund is sufficiently funded at this time to address the needs in water. It assumes the use of bond proceeds for Capital Improvement Projects approved by Council. Three years of financing and expenditures are available for the Surface Water Project. Future rate increases and other strategies will be needed to complete the Surface Water and other projects.



The Sewer Enterprise Funds have relatively stable expenditures and rates. However, there are \$13.5 million in projects needing attention that are unfunded. An option is needed to address sludge removal. There is interest by the City of Davis to explore a regionalization of wastewater treatment with our City.

The combined Transportation Funds are of concern as there will be a decrease of Transportation Development Act funds from \$700,000 to \$84,000 annually. Augmentation will be needed beginning in Fiscal Year 2011-12 to maintain our current level of service and there is no such source of augmentation funds. Any reallocation of Measure E funds will further reduce service levels. Potential reductions within these funds are: sign maintenance, local and arterial street light use, signal maintenance curtailment, and traffic engineering support for enforcement. These reductions may need to be considered this summer if the State seizes local Gas Tax Funds.

The Redevelopment Agency remains solvent even with the State raids. The Courthouse project and a downtown theater are priority projects. The repayment of property acquisition costs from the State has not been factored into the Redevelopment Agency financial plan.

The addition of the ¼ cent sales tax, if successful, would provide the City a first year estimate at \$1.5 million, with \$1.75 to \$2 million in years two through four. Reductions to public safety, the Library and Parks and Recreation would not be completely restored with these funds as the City would still be short by approximately \$4.9 million. It would provide an allocation to the Library that could keep the facility open at the current level of service. As well, the Parks and Recreation allocation of these funds could keep the Senior Center Program in operation and allow acceptable levels of Parks and public landscaping maintenance. These funds would also reduce the public safety impacts to the point that there would be no layoff of sworn personnel only. Non-sworn would still be subject to the layoffs. Additional resources would need to be identified to maintain current levels of service.

Steve Booth, from University Resources Associates who represents some of the employee Associations said Cities throughout the State are facing extreme financial problems. The Mid-Management Professionals' Association (MMPA) is prepared to bargain to develop creative and effective strategies to help with the budget. This Council Report implies that MMPA is contributing to a delay in the process completion, which is an incorrect statement. Last year, MMPA led the way in approving their Association Agreement. They were not allowed to have a three year Agreement as were other Associations. There are



several unanswered questions on the ethics of issues before the Associations. The allocation of discretionary General Funds in 2004 versus 2011 on the chart were well in excess of 100% is extremely questionable. MMPA members want to have a quantifiable effect on jobs and services. They have refrained from coming before the Council in a public forum but will do so if there is question about their willingness to provide assistance to the budget savings process.

Vice Mayor Pimentel said in the General Fund ten year forecast he needs clarification on the reduction in fees, fines and other sources. City Manager Deven said some programs and services had some level of revenue that had been reduced. The revenue estimates have been revised based upon a more thorough and refined look at our revenues and expenditures. Finance Officer McKinney said this item includes a number of elements. Some are in relation to the decline in development. There were some one time revenues and a significant cost recovery of overhead because of position and program reductions.

Vice Mayor Pimentel said the other question relates Economic Development and Redevelopment and asked if there was any possibility of moving Economic Development into the Redevelopment Agency. City Manager Deven said that option is being explored at present. Vice Mayor Pimentel asked if the Agency receives grants, where in the budget is that extra funding allocated and could we take from those grants. City Manager Deven said the City has a separate housing fund and the Agency will be adopting a separate Redevelopment budget to include housing fund programs. Vice Mayor Pimentel said the Community Development Block Grant has a 20% allocation for administration and asked where it is allocated. City Manager Deven said CDBG has its own fund and it is allocated there.

Council Member Monroe said there have been positive meetings with the Firefighters, but do we still plan to cut the 4th Engine Company and layoff and some of our Police Officers. City Manager Deven said at this time, that is what is planned. Should the Police Associations choose to reopen and discuss other options that may change. There could be other concessions they might propose but the request to reopen has not been heard. Council Member Monroe said Council needs to provide the City Manager with clear discussion points and direction. He would like to see clear yes or no questions in a form before the Council. The County of Yolo is taking a 10% cut. City Manager Deven said on the March 30th report there were specific items identified in a clear manner of those items that would actually be eliminated and the associated cost savings with each of them. The City will not have figures on Golden Handshake savings until after the June 29 meeting as specific individual information is confidential



at this time. If Council is in agreement with the \$5.8 in reductions staff can then move forward. At this time layoffs are needed and the process needs to move forward, but Staff is still working with the Associations to meet the number.

Council Member Dote asked about the \$750,000 Measure E funds identified and whether it is available for use elsewhere. City Manager Deven said the \$750,000 is the unallocated portion with the rest specifically allocated. The concern is that the \$750,000 is part of the cash flow issue at this time. Council Member Dote said in looking at the 11% of General Funds, if we do not touch Police and Fire, the City will have to shut down everything else. In the Redevelopment Agency, the amounts are for tax increment and allocation, not the bond.

Council Member Marble said the assumption of property and sales taxes appears to forecast in 2013 will be back at the 09-10 year level. He questioned the basis for that assumption. He asked how we getting that 2013 as the crossover year. City Manager Deven said the assumptions as very conservative and are based upon where development seems to be going, 5% is reasonable. These figures are on new appraised property. It is not likely the City will ever enjoy years of issuance of 400 building permits, but more in the area of 200 or 250. Council Member Marble said in the report, Parks and Recreational activities did not have a staff recommendation. City Manager Deven said that he would not implement that scenario. Council Member Marble asked for clarification on increases in some fees and City Manager Deven said there is some room for fee increases, primarily in planning and development in permitting or inspection. There is some money allocated for a Management Study in that Department, part of which will be for a fee study. There has been a philosophy not to charge fees for Library usage. Parks and Recreation, however, has been pretty aggressive in recovering those fees.

Council Member Monroe asked about the Parks and Recreation cuts and City Manager Deven said he is not recommending them, only presenting them as an option.

Mayor Davies asked about the interest thus far in the Golden Handshake and do we have any idea of how many may be in the General Fund. City Manager Deven said most of those who had indicated interest are in positions in the General Fund and those who opt for the program, could relieve the number of layoffs necessary. If those taking the option are not part of the General Fund, staff will be looking at possibilities of moving individuals into those other funded positions. Mayor Davies asked that resources be in place for re-training.



In relation to annual service fees for Animal Control that the City might acquire, he asked for clarification as to what those might be. City Manager Deven said the model the Chief has proposed would be for Woodland residents, such as shelter only. Mayor Davies said the sports park has become the destination and we should look at fees for those who do not reside here. The sludge problem and additional requirements from the State continue to plague us and asked if there is a plan in place to address these issues. City Manager Deven said we will need to develop a strategy soon. It could vary from \$20 million to \$90 million in additional costs to us. Combining with Davis could help us dramatically with our costs.

Council Member Monroe said his priority is preserving public safety. Staff needs to go to the Associations now and he does not want to wait until July to discuss issues with the Police employees after they have already been laid off. He feels that safety employees should have a 10% furlough, as the County and the State are doing a lot worse. Jobs could be saved. The Fire Department is working with the City. The overtime is not their fault. There is a minimum staffing levels and Council should strongly consider whether we should have brown outs. The Library should be turned over to the County. Their levels of service even in good times are not good. June 29th is the date and we need to wait until June 8th before we make final decisions. The cuts are so severe, and the citizens need to have a say. Negotiations should be opened to discuss dramatically the need for concessions.

Vice Mayor Pimentel said the community needs to meet the challenge with sacrifice. He supports the majority of the cuts proposed. There are a lot of missing links or gaps that need to be answered. One of the areas is the sworn Police Officers and cutting the Library. He will not support closing the Library. Our responsibility as a City is to work closely with the Library Board of Trustees. Citizens have shown the importance of the Library and we need to honor that. More information is needed from the Fire Department and he asked why we do not have a Firefighter Reserve Program that could be implemented to help alleviate the reductions and fill the gaps. Chief Reddish said the City does have such a program but the membership is hard to keep up. Vice Mayor Pimentel would like further information from the Chief. Other areas that are critical, as we get closer to June, we need to look toward our employees for Golden Handshakes, furloughs, and other areas such as reopening MOUs. The reductions we had agreed to no longer meet the needs of the City because of the economic trend. We need help from all of the Associations to help us meet the gap. We need to look at the priorities the citizens have given us. The other issue that needs further discussion, in that the Redevelopment Agency fund has a positive fund balance. He asked that the City Manager give options on how



we can invest to expand the agency to generate additional revenue or current services that we can place into the Agency. He would like staff to look at every fee that is in place and increasing them, such as Franchises. Other Cities are getting increased franchise fees from P. G. & E. We need to look at development fees. Associations are going to have to help us close that gap.

Council Member Marble said the survey said public safety was the priority and he agrees. He wants to maintain that as the number one priority. To close the gap all groups will have to help. The Golden Handshake is a good program but there is a future cost to the City. One of the major concerns is to keep the Library open and we need to do that in some form even if the Measures do not pass. The Literacy Program is crucial. If agreement concerning furloughs or salary reductions cannot be reached, we need to continue to pursue to preparing for layoffs to balance the budget. One of the things he has heard related to making some type of structural changes is the need to make compensation and benefits be more in line with private businesses. The budget must provide a solution to the Fire overtime. The budget needs to provide for a contingency plan for Animal Services in the event we cannot come to agreement with the County. He does not favor reallocation of Measure E funds in relation to street maintenance. On "Your City, Your Voice", it was number 2. It is a bad business decision to stop road maintenance. The Sports Park is revenue neutral so there should be no need to close. The Brooks Pool should close during the winter months. Fees should be increased to cover the cost. He does not want to reduce operational reserves below 13%. He agrees with the concept of more regional collaboration that will bring cost savings to the City. The surface water is an example of that. The role of the Council is to hire a good City Manager. They have done that and commended him for his recommendations before the Council.

Council Member Dote commended the City Manager and staff for the content of the report and concurs with Council Member Marble. The ten year plan indicates we cannot get to a balance without layoffs. The public safety needs to stay in place. A furlough is better than losing a job. Layoffs hurt our economy. The State is at 15% furlough and the County at 10%. We need to keep the Library open. Working with Davis is breaking new ground and we can go other places with them and work together. We have been putting out fires and we need to look further at reductions for next year. We should be looking at what services we need and how to provide them. It appears that Council concurs and she would like to reduce the pain as much as possible.

Mayor Davies said we can raise fees but the budget approval is 30 days away and those increases will not help us at this time. He supports the



discussion with the Associations and we should be talking with all of them. We need to maintain the take home income. There are situations where the employees can pay some of their benefits so they don't suffer as much as cutting their take home pay. As an example, he has paid 7% of his retirement which is before tax dollars. We need to prepare for the \$5.8 million reductions. We need to change the structure and it cannot exist as has been done in the past. He would like to see no layoffs and protect employees but that may mean a different structure. The overtime in the Fire may need to be made up by additional employees. He does not want to make cuts in Parks and Senior Center. If there is nothing for kids to do, they will be in trouble. We need to find a long term solution for funding the Library. He does not want to close the Brooks Swim Center. We should look at working the P. G. & E. to get the co-generation plan up and working.

Council Member Monroe asked the City Manager if direction was adequate for him to proceed. City Manager Deven direction is not entirely clear. This is very difficult and he will keep working on some options. On June 15th or 22nd he will return with the budget and we may have some options after the June 8th election. These meetings are to tease out further direction.

Ron Scott from the Woodland City Employees' Association Board, let the Council know as an Employee Association they are pleased to meet and discuss options. Members strongly dislike furloughs and are not in favor of taking percentage benefit cuts. However, a cut may be necessary and it is better to take a cut rather than have a layoff. They want to talk to the City to try and come up with an agreement to work at their level.

ADJOURN

At 7:40 p.m. Mayor Davies adjourned the Special Meeting of the Council.

Respectfully submitted,

SS: Susan L. Vannucci, Director of
Administrative Services/City Clerk

Adopted by Council: November 16, 2010