Minutes
SPECIAL BUDGET WORKSHOP
CITY COUNCIL/SUCCESSOR AGENCY/PUBLIC FINANCE AUTHORITY MEETING AGENDA
June 25, 2014

1. CALL TO ORDER

Mayor Garcia called the Budget Workshop to order.
Council Members Present: Oxborrow, Lander, Ramsey, Keough, Garcia
Others Present: City Manager Rene Ramirez, City Attorney Laurie Avedisian-Favini, Assistant to the City Manager/Deputy City Clerk Shannon Jensen, Finance Director Mari Jimenez, Police Chief Cal Minor, Fire Chief Steve Henry, Assistant Community Development Director Sean Brewer, Senior Administrative Analyst Mercedes Garcia, Payroll Manager Frank Esparza, Police Lieutenant Scott Ingram, Police Detective Manny Boles, City Treasurer Olga Keough, City Clerk Wanda Earls

2. AWARDS, PRESENTATIONS, APPOINTMENTS AND PROCLAMATIONS (NONE)

3. CITIZEN COMMENTS

4. PUBLIC HEARINGS (NONE)

5. CONSENT CALENDAR (NONE)

6. ORDINANCE PRESENTATION, DISCUSSION AND POTENTIAL ACTION ITEMS

1. Discussion of FY 2014/2015 Budget

City Manager Rene Ramirez:
General Fund Recap and Options:
We expect the General Fund Revenue with no one-time revenues supporting services to be approximately $6.79M.
One time Revenues anticipated are: Building Permit Fees Warthan Place Apt. - $60K and sale of EDA Plaza Units - $550K. Both revenue sources currently not included in proposed FY15 Revenue.
General Fund Expenses for FY15 proposed at $7.85M (not including most current labor costs).
FY15's proposed Expenses exceed proposed Revenue by $1.6M.
Council had indicated a desire to balance the budget for FY15 without transfers-in from other funds.
With proposed Expenses larger than proposed Revenue, to balance a proposed spending plan for FY15 requires:

- Increasing revenues to fees collected for services rendered
  - Collecting a special tax to be placed on November ballot
  - Raising fees for such services as ambulance service or licensing fees
  - Or other sources of revenue to the General Fund
- Decreasing expenses through manner in which service is delivered
  - Reducing operating expenses
  - Deliver services differently
  - Think outside the box

Since FY10, through attrition and restriction the City has allocated work and services in General Fund Departments. The costs for most all of the smaller General Fund departments have been reduced due to their cutting expenses from 10% to 60%. FY10 was selected because it was the year before CCF closed and the GF assumed municipal grounds maintenance.
During this same time span, the two Public Safety departments have had slight increases in their operating budgets, but because of the sheer size of their budgets these increases total $589K, or the size of about 4 of

the smaller GF departments.
After internal meetings with staff, I asked both Chiefs to propose how they could maintain services, minimize staff reductions while reducing Police Department budget to $2.7M and Fire Department budget to $2.2M.

Fire Department: Chief Steve Henry

Option 1 - Contract Ambulance Transport Services

- Contract 2 ALS with backup unit to operate in City's area of responsibility
- City retains rights to provide service for future
- City keeps GEMT reimbursements
- Reduces GF costs by - $200K (does not achieve goal)
- City retains Fire Department operations
- Participation in OES events eliminated due to lack of staffing
- Process takes 6-12 months to negotiate, about 4 months of savings
- Results in 9-12 layoffs at implementation

Option 2 - Discontinue Ambulance Transport Services

- Discontinue Ambulance Transport Services
- Level of ambulance service from County probably doesn't change
- City relinquishes rights for future service
- City relinquishes GEMT to County EMS
- Reduces GF costs by $660K to $l.1M (achieves goal)
- City retains Fire Department operations
- Participation in OES events eliminated due to lack of staffing
- Process takes approximately 3 months to implement; about 9 months of savings
- Results in 9-12 layoffs at implementation

Option 3 - Absorb Staffing Reductions

- Meets objective to balance budget (achieves goal)
- Most difficult to manager
- Keep GEMT
- Participation in OES events goes away due to lack of staffing
- Jeopardizes ambulance contract with County from lack of staffing
- Results in layoff of all 15 Reserve Fire Personnel

Option 4 - Contract Fire and EMS Labor

- Contract with CalFIRE and American Ambulance to provide Fire and EMS labor
- Results in least number of potential layoffs
- City retains option to assume either Fire or EMS in future
- City keeps GEMT reinbursements
- OES participation will continue
- Saves GF between $235K to $530K depending on staffing levels required by Council's Contract terms (achieves goal at $530K level)
- Process takes 6-8 months to negotiate; about 4 months of savings

Police Department: Cal Minor:

Three Options:

- Reduce Officer Positions to 16 and Dispatchers to 5
- Reduce Officer Positions to 18 and Maintain Dispatchers Level at 6

- Employ Option 2, Make Findings Safeguarding City Infrastructure to support Revenue Transfer in from National Gas Enterprise Fund

Option 1: Reduce Officer Positions to 16 and Dispatchers to 5

- Reduce Officer positions to 16 and (through attrition/layoff from 21 officers)
- Reduce dispatch service to 5 through attrition/layoff
- Maintain shift @ 3 officers (Sgt. & 2 officers) per shift & maintain current investigative unit
- Provides for relief during vacations or illness
- Investigation unit only works on most serious crimes - only one staff member
- Saves General Fund - $400K (ACHIEVES GOAL)
- Implementation fairly quickly; see savings for most of fiscal year

Option 2: Reduce Officer Positions to 18 and Maintain Dispatcher Level at 6

- Reduce Officer positions to 18 and Maintain Dispatcher Level at 6
- Reduce Officer positions to 18 through attrition from 21 Maintain Dispatcher level at 6
- Provides better opportunity to have relief during vacation or illness
- Investigation unit only works on most serious crimes
- Saves GF $200K (does not achieve goal)
- Implementation fairly quickly, see savings for most of fiscal year

Option 3 - Employ Option 2, Made Findings to Safeguarding City Infrastructure to Support Revenue Transfer in from National Gas Enterprise Fund

- Think outside the box
- Employ Option 2 above and make findings (seek City Attorney Opinion) to provide up to $300K through a transfer from the National Gas Enterprise Fund for Department to Safeguard City infrastructure
- Saves General Fund - $200K in costs and provides a transfer in of revenue to GF from $200K and up to $300K from the Natural Gas Enterprise Fund (Achieves goal)

City Attorney Laurie Avedisian-Favini said in order to increase the Gas Fees, it would require a Prop 218 process unless (she would have to double check) because Council reduced the fees last time. She will have to check but she does think It would require a Prop. 218 process.
Comments by Council Members:
Can we legally do this?
Finance Director Mari Jimenez said we are presently receiving funds from Enterprise Funds:
Water $235K to GF, Sewer $240K to GF, Sanitation $20K to GF. These are administrative charges.
Some felt they were more in favor of this method providing we can do it.
City Manager Rene Ramirez:
The following items were summarized on PowerPoint and/or reported on:

- General Fund: Revenue vs. Expenses
- FY14 balanced Budget adopted $7,720,726 - accomplished with labor concession and dipping into a discretionary fund (5% salary cut)
- General Fund: Revenue vs. Expenses (W/CCF Transfer Removed)
- General Fund Comparison - Revenues vs. Expenses since FY99
- General Fund Revenue by Source Since FY 99
- General Fund Expenitures by Department Since FY99

Comments from Council:
We are most expensive ambulances service in County.

Council Member Oxborrow said to leave it up to Chiefs to recommend.
Option 3 is not viable
Option 4 puts in contract.
Contract Labor Costs
Chief to protect employees
American Ambulance - Council would dictate what service would be.
Cost to maintain CCF
City Attorney Laurie will research Enterprize Fund law for the Council.
There was discussion on the possibility of placing a tax measure on the ballot in November. One hundred and fifty cities in California have UUT's.
Supplement GF for Public Safety.
Ran out of time for additional discussion.

7. ANNOUNCEMENTS

8. FUTURE AGENDA ITEMS

9. CLOSED SESSION (NONE)

10. ADJOURNMENT

Mayor Garcia adjourned the Budget Workshop at 6:59 PM.

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Tony Garcia, Mayor

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City Clerk/Deputy Clerk

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Date