

MINUTES OF THE WILLOWS CITY COUNCIL ADJOURNED MEETING HELD
June 14, 2011

1. The meeting was called to order at 6:01 p.m. by Mayor Hansen.
2. **PLEDGE OF ALLEGIANCE:** Council Member Holvik led the Pledge of Allegiance.
3. **ROLL CALL:**
Present: Council Members Yoder, Cobb, Hobbs, Holvik & Mayor Hansen
Absent: None

4. **Agenda Review:**
 - a) It was **moved** by Council Member Yoder and **seconded** by Council Member Holvik to accept the City Council June 14, 2011, City Council Meeting Agenda as presented. The motion unanimously passed.
5. **Executive Session:** Mayor Hansen announced that the Council will enter into Closed Session pursuant to Section 54957.6 to have a conference with Labor Negotiators. Prior to entering into Closed Session, Heather Baker, citizen, requested to address the Council on the Closed Session Item to discuss the budget. Mrs. Baker stated that she would just like to encourage the Council during their budget discussions to think about how to best protect the citizens and to consider what is best for the City as a whole and not just the best departments.

Jeff Williams then addressed the Council stating that the City got into this fiscal crisis together and that they should try to get out of the crisis together. He would not like to see anybody lose their job due to a lay-off and he hopes that everybody can cooperate and work together in order to come to a solution.

The Council and Negotiators entered into Executive Session at 6:05 p.m.

The Council and Negotiators emerged from Executive Session and the meeting was reconvened at 7:39 p.m.

6. **Report-Out from Closed Session:** Mayor Hansen reported that after thorough review of the proposals and alternatives discussed, the Council has reached a consensus, and details of that consensus will be discussed under item 14 (a) on the agenda.

7. **Public Comment/Written Communications:**

Rose Marie Thrailkill gave the Council an update on past and upcoming Chamber of Commerce and community events and activities.

The following individuals all spoke in support of Library Operations and Services and did not want to see the Council decrease funding for the Library and they did not want to see any

changes to current staffing levels or a decrease in the services provided by the Library while the Council is in the process of preparing the 2011/2012 Budget:

Andrew Baird, Dawn George, Brian Ramos, Lynn Soeth, Phillip Dunning, Mary Ann Memmott, Brian (no last name given), Alan Schauer & Ron Anderson.

Trudi DeVoss addressed the Council and stated that when she first moved to Willows it wasn't the Library that drew her to the community. She pointed out that the Library, although important, should not be the main focus. She believes that clean streets and parks, Recreational Activities and Public Safety are all important assets of a community.

Mayor Hansen thanked all of the speakers for sharing their comments.

8. Consent Agenda:

It was **moved** by Council Member Yoder and **seconded** by Council Member Holvik to approve the Consent Agenda as presented. The motion unanimously passed and the following items were approved/adopted:

- a) Approval of General Check Register (23200-23249).
- b) Approval of Payroll & Direct Deposit Check Registers (Z02602-Z02643 & 31273-31290).
- c) Approval of the Minutes of the City Council May 17, 2011, Special City Council Budget Meeting.
- d) Rejection of two bids received as part of the Energy Grant Project for light replacement in the City of Willows.
- e) Adoption of a Resolution to allow the City Manager to sign the agreement with California Northern Railroad to upgrade the crossing on Laurel Street, east of S. Tehama Street.

9. Public Hearings:

- a) Conduct Public Hearing and upon conclusion, by motion, consider adoption of a Resolution approving the Final Engineer's Report as filed, confirming the assessment diagram and amounts as set forth therein and authorizing the levy and collection of assessments for the Fiscal Year 2011/12 for the City of Willows Landscaping and Lighting Assessment District Zone A – Birch Street Village:

The City Manager stated that he had a conflict of interest in hearing this item, as he is a property owner in the Birch Street Landscaping and Lighting Assessment District, and he therefore recused himself and exited the Council Chambers.

The Landscaping and Lighting Act requires that the City undertake certain proceedings for any fiscal year in which assessments are to be levied and collected. These proceedings are typically accomplished at three separate Council meetings. The first action (appointing an Engineer of

Work and directing the preparation of the annual Engineer's Report) was completed by the Council on February 8, 2011. The second action (receiving the Preliminary Engineer's Report and setting the date of the required public protest hearing) was completed on June 1, 2011. Tonight is the third and final step in the process – conduct the public protest hearing, approve the Engineer's Report and authorize the levying of assessments for FY 2011-12.

The Final Engineer's Report as prepared by Coastland Civil Engineering has been given to the Council to review and approve. Because the Council did not request any changes to the preliminary report filed on June 1, 2011, the proposed assessments shown in the final report have not changed from the preliminary report. The City Council should review the report one final time and let staff know if there are any desired changes to be made to the report. If not, the proposed assessments shown in the report will be passed on to the County Assessor's office for inclusion on the tax roles.

The Engineer's report outlines costs from FY 2010-11, summarizes the projected costs for FY 2011-12 and provides the proposed overall assessments. In order to keep up with inflation, the estimated maximum annual assessment is proposed for increase by the allowable annual CPI (year 2010) of +1.4%. This raises the maximum annual assessment to \$406.17

While the estimated maximum annual assessment will increase, the actual amount that will be levied and collected during FY 2011-12 be reduced from \$385.82 in FY 2010-11 to \$258.00. This reduced assessment is due to the 5 year developer payback period being completed in FY 2010-11. Starting with this fiscal year, only ongoing annual maintenance and administrative costs need to be assessed. This assessment will provide projected revenue of \$8,772.00 to cover the estimated expenses.

During FY 2008-09, the Council implemented a minimum reserve balance of 10% to 20%. It is noted that the projected Assessment District reserve balance at the end of FY 2011-12 is slightly above that target. If it is found that an excess reserve balance does exist at the end of FY 2011-12, the assessments may be reduced the following year.

At tonight's meeting, the rules governing this type of an assessment district (found in the Streets and Highways Code) requires that a public protest hearing be held to hear any comments/concerns from property owners within the district. At the close of the hearing, if the Council finds the report acceptable, the Council should adopt the Resolution approving the Engineer's Report and authorizing the levy of assessments per the Engineer's Report. The adoption of tonight's Resolution is pursuant to Section 22631 of the Streets and Highways Code. The assessment information will then be transmitted to the County for the inclusion on the tax rolls. With that, the City Engineer asked that the Mayor open up the Public Hearing to hear any comments from the public.

Mayor Hansen opened up the Public Hearing at 8:15 p.m. Hearing no comments from the Public, the Mayor subsequently closed the Public Hearing at 8:15 p.m. It was then **moved** by Council Member Yoder and **seconded** by Council Member Hobbs to adopt a Resolution approving the annual Engineer's Report, confirming the assessment diagram and the annual assessment amounts and authorizing the levy and collection of assessments for Fiscal Year

2011/12 for the City of Willows Landscaping and Lighting Assessment District Zone A – Birch Street Village. The motion unanimously passed.

At this time the City Manager re-entered the Council Chambers.

- b) Conduct a Public Hearing and upon conclusion, by motion, consider passage of first reading by title only of an Ordinance authorizing an amendment to the Contract between the City Council of the City of Willows and the Board of Administration of the California Public Employees' Retirement System:

Council recently directed staff to proceed with the process of adding Public Employees Retirement Law Section 20903-Two Years Additional Service Credit. The first step in this process, the adoption of a Resolution of Intention to amend the City's contract with PERS for both the public safety and miscellaneous members, occurred on June 1.

At this time, an Ordinance is now being introduced for Council Consideration. Said Ordinance will authorize the Mayor to execute an amendment to the existing contracts between the City and CalPERS for both public safety and miscellaneous members to add Section 20903-Two Years Additional Service Credit.

Government Code Section 7507 requires disclosure of the future cost of the proposed contract amendment. A total of 14 employees are eligible to elect this benefit based upon a City-wide offering of two years additional service credit. The estimated future cost of these 14 employees utilizing the two years additional service credit would be \$477,937. Said benefit would be amortized over a twenty year period, with an estimated annual amortized cost of \$23,897. At this time, however, 3 employees have committed to accepting the two years additional service credit. The estimated future cost of providing the additional benefit is \$71,005. Amortization over a twenty year period provides an estimated annual amortized cost of \$3,550. If adopted by Council, additional employer contributions pertaining to the additional service credit would commence July 1, 2013. With that, the Finance Director asked that the Mayor Conduct the Public Hearing to allow for public comment.

Brief Council discussion ensued, with Council Member Holvik noting that he personally doesn't fully agree with this.

Mayor Hansen then opened the Public Hearing at 8:21 p.m. and hearing no comments, subsequently closed the Public Hearing at 8:21 p.m. It was then **moved** by Council Member Yoder and **seconded** by Council Member Cobb to read by title only the Ordinance next in line. The motion unanimously passed. It was then **moved** by Council Member Yoder and **seconded** by Council Member Cobb to pass first reading of an Ordinance entitled "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WILLOWS AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY COUNCIL OF THE CITY OF WILLOWS AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM". The motion passed 4/1, with Council Member Holvik voting no.

11. **Ordinances:** Action taken under item 10 (b).

12. **Items introduced by City Council or Administrative Staff for discussion purposes only:**

Council Member Hobbs stated that she had tickets available for sale to the Blues & Brews festival on June 28.

13. **New Business:** None

14. **Referred Matters Pending:**

- a) Discuss and give final direction to Staff for preparation of Fiscal Year 2011/2012 final budget for Budget Adoption scheduled for June 21, 2011:

The Finance Director reported that when Council adjourned the last budget meeting on June 1, there was a projected deficit of approximately \$297,000. Since that time and after having met further with the Labor Organizations, and asking the Department Heads to look at some specific line items in their budgets, there was achieved an additional \$16,430 in reductions to the \$297,000 deficit, specifically found in the areas of Storm Drains, Public Works, Building, Finance and the City Manager's budget. Therefore, at this time, the City is now looking at a projected deficit amount of \$280,570. With that, the Finance Director turned this item over to the Council for further discussion and to seek their direction.

Mayor Hansen then reported that the Council met in Closed Session earlier in the evening for an extended period of time discussing these issues. These issues are very unpleasant and strictly budgetary issues. The entire Council is aware of the financial strains that the City is facing and he thanked those individuals who had shared their concerns and expressed their comments earlier about the dire budget position that the City is currently in. The good news is that the City is in a better financial condition than many other jurisdictions, but we are still in a poor financial position. The National economic downturn is obviously the major culprit of this situation, however, everybody can see how the Legislature, Assembly and State Senate have failed to cooperate, and the City is at the mercy of those agencies working toward a solution in so many ways and their decisions effect local Governments at both County and City levels. Before the Mayor announces the unanimous consensus of the Council which was reached during the Closed Session, he stated that he would like to defer to his fellow Council Members for any statements or comments that they would like to make at this time. Council Member Holvik's only remark was that he agreed with everything that Mayor Hansen had just stated. No other Council Members had any comments at this time.

Mayor Hansen then stated that this is a very unpleasant situation for the Council to be in, but that is a part of what they have been elected to do to in order to look out for the best interests of the Citizens of the City of Willows. A few meetings ago the Council implored for the Negotiating Committees to somehow reach a 10% voluntary wage concession with the Associations, or at least negotiate something similar that could have gotten the City somewhere within range of what the possible saving of a 10% wage concession would have saved the City in order to get

close to the targeted deficit amount of \$150,000. The unanimous consensus of the Council this evening was to direct staff to proceed with a 10% mandatory furlough for all full-time benefited employees, in addition to reducing the General Fund funding by 50% for the Part-Time Recreational Assistant, but back-filling 25% of that 50% by some other funding source. The final direction to staff made by the Mayor, with the unanimous consensus of the Council, was the layoff of one full-time Police Officer position.

Council Member Holvik then pointed out that these actions still do not balance the City's budget and that there is still over a \$100,000 deficit even with these drastic cuts. Council Member Hobbs then added that although it is duly noted that concessions were offered by the departments, it simply wasn't enough. She stated that this has been a frustrating process and it has not been easy, but in the proposal that was before the Council for consideration during the Closed Session, it just simply wasn't enough and the Council wanted to be as equitable as possible. She pointed out that when other departments have given up people and positions that have not been re-filled, and other employees have voluntarily offered and have been taking the 10% reduction, the Council just came to a consensus that this decision was the most equitable.

15. Adjournment: Mayor Hansen adjourned the meeting at 8:32 p.m.

Dated: June 14, 2011

NATALIE BUTLER

City Clerk

The City of Willows is an Equal Opportunity Provider