

**MINUTES OF THE WILLOWS CITY COUNCIL SPECIAL BUDGET MEETING HELD**  
**June 19, 2012**

1. The meeting was called to order at 6:03 p.m. by Mayor Holvik.
2. **PLEDGE OF ALLEGIANCE:** Vice Mayor Cobb led the Pledge of Allegiance.
3. **ROLL CALL:**  
  
Present: Council Members, Hansen, Taylor-Vodden, Cobb & Mayor Holvik  
(Note: Council Member Yoder joined the special meeting at 6:15 p.m.)  
Absent: None
4. **Agenda Review:** It was **moved** by Council Member Hansen and **seconded** by Council Member Taylor-Vodden to accept the June 19, 2012, City Council Special Budget Meeting agenda as presented. The motion unanimously passed.
5. **Public Comment:** Buddy Brackensick stated that he had concerns about the City attempting to consolidate with the Glenn County Sheriff's Office to provide Police Services and asked if this was something the Council was considering. Mayor Holvik stated that consolidation of services with GCSO was brought up by the Council many months ago as part of the initial budget creation process as possibly being a cost saving measure. Since that time Council has not pursued it and it is currently not under any consideration by the Council to consolidate Police Services.

Mr. Brackensick then stated that he had been told that the Willows Public Safety Association and the Willows Employees Association had agreed to defer their wage increases for an additional year and questioned why the Council did not accept their offer to do so, and instead the Council is ending the deferrals. Mayor Holvik explained that the Negotiators had three separate meetings with each of the associations and although the associations did state they would defer their wage increases for an additional year, their offer was based on certain conditions that the Council was not offering, nor willing to accept. What the Council was specifically requesting of the associations was unconditional wage deferrals for an additional year and neither association agreed to their request, therefore, the wage deferrals would be ending as a result.

6. **Executive Session:** Pursuant to California Government Code Sections 54950 et seq., the City Council held a Closed Session. More specific information regarding this closed session is indicated below:
  - a) CONFERENCE WITH LABOR NEGOTIATOR(S) pursuant to Section 54957.6  
  
Agency Negotiators: City Manager Steve Holsinger  
Finance Director Tim Sailsbery  
  
Employee Organization(s): Willows Employees Association

Willows Public Safety Association  
Unrepresented Employees (All others not in WEA or WPSA)

The Council entered into Executive Session at 6:13 p.m. and returned into open session at 6:37 p.m.

**7. Report-Out from Closed Session:**

Mayor Holvik stated that the report-out from the Closed Session was that the Negotiators updated the Council on their good faith efforts to meet with and negotiate with the represented and non-represented associations and members and no reportable actions were taken.

**8. Public Hearing:**

a) 2012/2013 Budget Adoption:

This public hearing is being held in order to solicit public comments about the proposed budget for Fiscal Year 2012/2013 that the Council will consider adopting this evening. Mayor Holvik opened the public hearing at 7:38 p.m.

Doug Ross spoke and stated that he believes the Council should give the Police and the City Employees their concessions and find another way to come up with a method. He believes that in order to support the Public Safety that people want in Willows, safety is definitely a number one priority. He stated that he is in favor of making good on the employee deferrals and to give them their money.

Police Sergeant Carl Walter who is the President of the Willows Public Safety Association, stated that he wanted to make it clear to the Council and to the Community that while the Association was not able to reach an agreement with the City this time around, they are still ready and willing to go to the table and discuss anything. He explained that the Association was given one option on the table and there appeared to be no other options that were provided to them. The WPSA wants to help the City in this time of need and they have made the same offer for the last three years and it was readily accepted by the Council, but this year it was not, and the reasons for that rejection were not ever made absolutely clear to the Association. He just wants the Council and the Citizens to know that the WPSA is willing to help out, but they do not believe that they were given the opportunity to try to help.

Dan Gupton announced that the Glenn County Grand Jury report came out today and it stated for Orland [Police Department], Glenn County Sheriff's Department and the City of Willows [Police Department], that increased funding for these departments would yield safer communities. So in essence, the Grand Jury is saying that these departments should not take cuts.

Pastor Ted Crandell of the First Baptist Church wanted to congratulate the Police Officers and the City Council for stepping forward to be leaders. He hopes to see everybody continue and finish the job to of being leaders in our community.

Jeff Williams had a question about the amount of one of the line items on the Budget relating to medical insurance. Finance Director Tim Sailsbery addressed Mr. Williams' question and clarified the line item in question.

Mayor Holvik then closed the Public Hearing at 6:47 p.m.

The Finance Director then gave a brief synopsis of the proposed budget that is before the Council for consideration of adoption. In March he provided the Council with two proposed budgets – one which showed the employee deferrals continuing for another fiscal year, and one showing the reinstatement of the deferrals. This budget that is presented this evening is one which still maintains most services, doesn't recommend any cuts at this time, and it also ends the wage increase deferrals. The net result of that with \$3.212MM in projected revenue and \$3.416MM in projected General Fund expenses, the City will have a projected deficit of approximately \$203.9K.

Subsequent to the publication of the proposed budget that is before the Council tonight, the health insurance rates from PERS came out and were made public and the City ties the Cafeteria Plan benefit to one of those rates. The original projections were that that rate would increase approximately 5%, and was budgeted as such, but the actual increase in the premium was 10.34%. The net result in addition to what was provided to the Council previously, staff would be asking for an additional \$17,899 in General Fund expenditure and \$3075 in Sewer Enterprise Fund expenditure. So the revised projected deficit as a result of this will change from \$203,835 to \$221,734. The Finance Director also wanted to point out that in the Sewer Enterprise Fund, the City does have a new program starting up, in that the City is required to implement certain diesel emissions upgrades by 2015. Some of these areas staff will be looking at starting in advance as far as handling some of these retrofits, so staff has projected an additional \$40,000 expenditure out of the Sewer Enterprise Fund to handle that. That is the only specified project outside of normal on-going operations in this budget. So the bottom line overall appropriations for all funds for Fiscal Year 2012/13 is \$5,797,517, with an expenditure amount of 3.433MM, a revenue amount of 3.212MM, with a projected deficit amount of almost \$222,000.

The City Manager then stated that he just wanted to point out that tonight staff is simply presenting to the Council the budget as it was projected back in February, where there were different scenarios spelled out. No conclusive decisions have been made with respect to a revenue enhancement measure. This is simply presented as an initial deficit budget, which is no different than what the Council has adopted for the last five years. Every year for the last five years upon passing a deficit budget, staff and the Council worked diligently throughout the year to reduce expenditures. He pointed out that last year the City had a period where they went through negotiations and weren't able to achieve any agreements, and at the end of that process the City had a budget adopted with a deficit where they had a moving target where they couldn't decide if they wanted a deficit of \$100,000 or \$150,000. As a result, the City Council made some very prudent decisions throughout the course of the year and continued to monitor the situation and keep track of things. Subsequent to the Council's passage of the 2011/2012 budget, in July of 2011 the City began diligently working on a budget plan for fiscal year 2012/2013, and unfortunately, today the City cannot say that they have a balanced budget, but Council and Staff had worked diligently throughout the 2011/2012 fiscal year to reduce what was first thought

would be a \$149,000 deficit to a projection of what now looks like the 2011/2012 fiscal year will end with approximately a \$19,000 deficit. There is a good chance, depending on what occurs within the next 10 to 12 days, that the fiscal 2011/2012 year will end very close to being balanced. The reality is what is being presented to Council this evening is adopting a deficit budget for fiscal year 2012/2013, just like has occurred in the past five years. In adopting a deficit budget, Council and Staff can continue to track going forward, and address trying to get back to as close to \$0.00 as possible. Tonight Council is just being asked to adopt a budget in a timely fashion and then moving forward in a responsible manner. With that, the City Manager encouraged the Council to adopt the budget as it is currently being presented.

Mayor Holvik then added that the City Council's core values since the decline in the economy for the past 5 or 6 years is to maintain the highest service to the Community possible, but trying to stay within the revenues, similar to individuals trying to run their own individual households or business owners trying to run their business. Since last July, the Council has developed a subcommittee to deal with the financial situation. The subcommittee has brought ideas forth to the Council for revenue and expense programs, and they have focused on the revenue side trying to see what the City could do to bring money in without making any cuts. The City Negotiators met with the represented and unrepresented employees and they were unable to reach an agreement. The Council has made no final decisions with regard to any specific revenue enhancement program, however they wish to pass a budget in a timely manner like they have for the last five years, which unfortunately reflects a deficit of approximately \$221,734. As mentioned by the City Manager, the Council will be working throughout the year to improve the deficit in hopes of achieving a balanced budget by this time next year. With that, the Mayor asked what the pleasure of the Council was.

It was **moved** by Council Member Cobb and **seconded** by Council Member Hansen to adopt a Resolution accepting wage deferral and concession agreements between the City, its Management Staff and Specified Unrepresented Employees; Ending wage deferral and concession agreements between the City, all Represented Employees and the Chief of Police; Adopting the 2012/13 annual Budget, Designating Sewer Enterprise fund debt reserve, and confirming budgetary authorities and City Council Fiscal Priorities for Fiscal Year 2012/13.

Mayor Holvik asked if there were any additional comments before calling the vote. Council Member Hansen asked to make a few additional comments. He stated that this was his fourth year on the Council and his fourth difficult budget cycle to participate in. The City Employees have deferred their wage increases since 2009 and contractually those employees are due these wages. The employees are a hard-working and dedicated group and they need to be compensated for the difficult jobs that they do. He reminded everybody that Employee costs are 80% or more of any Government budget operation. With that, he stated he believes the deferrals should be lifted and the employees should be fairly compensated for the work they do.

Council Member Yoder then added that there seems to be a misconception in the community that with the Council ending the wage deferrals that are due to these employees, that there is some connection with the Council intending on slashing a department or of trying to balance the budget on the backs of Law Enforcement, and he stated that is not the case. What the Council is trying to do is to give money back to the groups/associations that they are obligated to receive

pursuant to their MOU's. These employees have earned that money are entitled to receive it. The Budget is a working document, and he reiterated what the City Manager said, which is that the Council and Staff will continue to work diligently throughout the year to try to come up with a balanced budget. The Council and Staff are simply trying to do what is best for the City in passing a budget in a timely manner and continue to work throughout the year to try to balance it.

Mayor Holvik stated that the Council and Staff need to be cognizant that this budget is presented in advance of some final conclusions on a variety of County, State and Federal budgeting guidelines that are still out there that the City doesn't know what is going to happen. Once certain items are finalized the City's Operational Capital Activity may have to be adjusted during the year as necessary. So, although the City passes a budget, there is still a lot of uncertainty out there.

With that, there was still a motion and a second on the floor and Mayor Holvik called the vote. The motion unanimously passed and the Fiscal Year 2012/2013 Budget was adopted.

9. **Adjournment:** Mayor Holvik adjourned the meeting at 7:00 p.m.

Dated: June 19, 2012

NATALIE BUTLER

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City Clerk

The City of Willows is an Equal Opportunity Provider