

MINUTES OF THE WILLOWS CITY COUNCIL SPECIAL BUDGET MEETING
HELD June 30, 2015

1. Mayor Domenighini called the meeting to order at 9:00 a.m.
2. **PLEDGE OF ALLEGIANCE:** Council Member Hansen led the Pledge of Allegiance.
3. **ROLL CALL:**
Present: Williams, Yoder, Mello, Hansen & Mayor Domenighini.
Absent: None
4. **Public Comment:** None
5. **2015/2016 Budget Update:**

During last year's budget process the City Council adopted a two-year budget (2014/15 & 2015/16). Finance Director Tim Sailsbery provided documentation to the Council to allow them an opportunity to review activity and affirm a spending plan based upon the updated information. For Fiscal Year 2015/2016 the General Fund has been updated to a new proposed plan as follows:

Projected Revenue was originally \$3,562,970 and the updated projection is \$3,605,370. Requested Expenditures was originally \$3,643,734 and the updated projection is \$3,706,848.

The Net deficit was originally \$80,764 and the updated projection is \$101,478.

The Finance Director noted that the projected General Fund Reserve as of 6/30/2015 is \$1,363,132K and Fiscal Year expenditures are projected to have a surplus of approximately \$5K.

There are a number of minor differences in the updated numbers, but the largest items affecting the updated 2015/2016 General Fund activity include:

- Revenue Revision – General Fund Revenue has been projected upward by approximately \$42K.
- Change in actuarial calculation of PERS – PERS implemented new calculation procedures for 2015/2016 and forward to isolate and identify unfunded liabilities. The estimated effect for the City is an additional \$79K in expenditures for 2015-2016.
- Police Overtime – In an effort to be closer to estimated activity at the beginning of the budget cycle, \$30K has been added to the original estimate of \$50K for 2015/2016, for a total of \$80K projected for Police Overtime. Fiscal Year 2014/2015 saw \$120K in Police Overtime.
- Workers Compensation Rebate and Base Premium Reduction – The City will experience an estimated \$40K in savings versus the original projections due to

the receipt of equity dividends for 2015/2016 and lower than anticipated premiums for 2015/2016.

The Finance Director pointed out that as the Council reviews the activity, particularly that of the General Fund, for 2015/2016, it should be noted that there are a number of “wish-list” items, or additional expenditures, that have been requested by Department Heads but are not actually included in the budget projections. Following is the detailed “wish-list”, and it should be noted that the first five items are carry-over “wish-list” items from the previous year’s budget review:

- Police Patrol Officer Position per request of Police Chief to staff shift coverage for patrol. Estimated cost would be between \$38K - \$96K per year and would be funded out of the General Fund.
- Purchase and equip a new Pickup for the Fire Department and move the Chief’s vehicle to a station utility vehicle and replace the Chief’s vehicle. Estimated cost is \$70K and would be funded out of the General Fund.
- Complete Rear Apparatus Resurface – Complete back portion of the Fire Station retrofit started in 2007/08. Estimated cost would be \$50K and would be funded out of the General Fund.
- Purchase Replacement Self-Contained Breathing Apparatus (SCBA) equipment for the Fire Department. Estimated cost is \$20K and would be funded out of the General Fund.
- Replacement of the 50-year-old roof at the Fire Station. Estimated cost is \$300K and would be funded out of the General Fund or with Grant funding.

New Additional Expenditures requested for Fiscal Year 2015/2016 are as follows:

- City Council to restore their 10% furlough monthly pay level of \$135 back to \$150 per month. Total cost would be \$1058 and would be funded out of the General Fund.
- Department Head and Confidential Employees Salary Adjustments (Excluding the City Manager’s Position). Total Cost for the first year would be \$76,714 funded out of the General Fund, with a Benefit Holdback of (\$19,884).
- Replenishment of Façade Improvement Funds, as existing funds have been exhausted. This replenishment of funds would be at a cost to be determined by the Council and funded by a source also to be determined by the Council.
- Police Department Capital Items including:
 - Taser Replacement (\$7769), Lighting and Holster replacement for handguns (\$1987), Rifle Replacement (\$2817), (Glock) Handgun (\$500), Gun safe (\$999), Forensic kit replacement (\$607), Evidence software upgrade (\$9195) and a Radar trailer (\$5740). Total estimated cost of all of these items is \$29,614 and would be funded out of the General Fund.
- Sexual Assault Examination Costs for Police Department. Cost would be \$3600 and would come out of the General Fund.

Council discussion ensued over the additional “wish-list” expenditures, commencing with Council Member Hansen. Council Member Hansen didn’t find it prudent at this time for the City to fund a Police Officer Position or to purchase a new pick-up truck for the Fire Department. Instead, he recommended that the Council augment the Police Department, Fire Department and Public Works Department’s an additional \$20K each and those departments can determine their top priorities and use the additional \$20K to purchase those items. He also recommended that the Library, Recreation, Building and General Office Departments be given an additional \$5K to use at their discretion. Finance Director Salsbery then informed Council Member Hansen and the rest of the Council that the Building Official will likely be retiring within the next year or two and rather than a \$5K augmentation to the Building Department, he requested that there be a \$10K augmentation for that Department in order for there to be a transition period where the current Building Official could train his replacement. Council concurred and agreed to a \$10K augmentation for the Building Department.

Council Member Hansen then stated that he is supportive of the salary adjustments and that they are long overdue with this group of individuals having absolutely no adjustments or upward mobility for nine years. He stated that there is a good, solid management team in place and the salary adjustments should move forward.

Council Member Mello stated that he likes Council Member Hansen’s idea of augmenting each department a specific amount of discretionary funds. He also stated that one of his priorities that he would like to see accomplished is the replacement of the 50 year old roof at the Fire Station. He believes this is very important. The Finance Director stated that rather than the City paying for the replacement of the Fire Department Roof, he would first like to see what is available in the way of grant funding to help offset the cost to the City.

Council Member Yoder stated that he would like to see funding of a new Police Patrol Officer Position and stated that filling that position may alleviate a majority of the amassing overtime in the Police Department. The Finance Director pointed out to Council Member Yoder and the Council that they should keep in mind that the Police Department currently has one Officer who has a portion of their salary and benefits being paid by COPS Hiring Recovery Program (CHRP) Grant monies and that grant is scheduled to end in May of 2017. At that point, the City will assume the full payment of salary and benefits for that Officer. Essentially, the addition of one Patrol Officer at this point would turn into the equivalent of actually paying for *two* more Patrol Officers come May of 2017 when the grant ends. Council Member Yoder then stated that he, too, likes Council Member Hansen’s suggestion of augmenting budgets for various departments with a specific amount of discretionary monies and leave it to the Department to determine their main priorities on how to spend the money. Finally, Council Member Yoder stated that he is also in favor of the proposed salary adjustments and believes they are long overdue.

Council Member Williams echoes Council Member Yoder’s suggestion that the City should move forward with funding a Patrol Officer position. He also stated that he does have some concerns about the roof at the Fire Department and that he would like staff to begin looking for grant monies right away to get the roof fixed. He also agreed with Council Member

Hansen's suggestion about augmenting the various departments with \$20K each for Fire, Police & Public Works and \$5K each for Recreation, Library and General Office. As far as the salary adjustment line item, Council Member Williams had no comments and stated he was just going to skip over that item. He stated that his top priorities currently are to augment the various departments' budgets and let the department heads decide where they can use the money the most; to see the process move forward to hire a new Patrol Officer in order to alleviate some of the overtime in the Police Department; and lastly, to seek out and secure a grant to replace the Fire Department roof.

Mayor Domenighini stated that he would not mind having an item on a future regular City Council meeting agenda to discuss the possibility of hiring an additional Patrol Officer, but there are a lot of factors to consider – one of which the conclusion of the CHRP grant in 2017. Although his first concern is the payment of overtime in the Police Department, his other concern is that if they hire an Officer and then have to turn around and lay them off. For clarification purposes, the Finance Director asked the Mayor if what he is hearing is that the hiring of a Patrol Officer is not to be included as a line item in the 2015/16 budget and that it will instead be brought back for a discussion and further consideration at a future regular City Council Meeting after the budget is adopted. The Mayor polled the Council and it was the unanimous consensus of the Council to not include this item in the 2015/16 budget, but to consider it as a separate discussion and possible action item during a future agendaized regular City Council Meeting. Regarding the request for a new vehicle for the Fire Chief, Mayor Domenighini stated that he is always open for bringing these items back before the Council for future discussion. The last loan payment for the Fire Department Ladder truck will be made during Fiscal Year 2016/2017, so his thought is if the Chief could hold out for two years and take the funding from the ladder truck and shift it over to a new Chief's vehicle that might be the route to go. Council Member Hansen asked, along the same lines as the future discussion of hiring a Patrol Officer, if this item could also be an agendaized item for discussion and possible action at a future meeting. The unanimous consensus of the Council was also to place this item on a future City Council meeting agenda for discussion after the adoption of the budget.

Finance Director Sailsbery, for clarification purposes, recapped the Council's directions given thus far, stating that what he understands is that the Council is requesting to augment \$20K for Police, \$20K for Fire, \$20K for Public Works (funded out of Sewer and/or Gas tax and not the General Fund), \$5K for Library, \$5K for Recreation and \$10K for Building for the transition of training a new employee before the current Building Official retires, and these augmentations will all be a part of the budget adoption. Mayor Domenighini and the Council concurred that was correct.

Mayor Domenighini then announced that there would be a brief recess at 10:12 a.m.

Mayor Domenighini reconvened the meeting at 10:25 a.m.

Finance Director Sailsbery again recapped for the Council where the budget stands with the adjustments that have been made thus far. He stated that based upon the General Fund, if you take the restoration of the City Council furlough and the department heads and

confidential employees benefit adjustments, those two items total about \$58K. If there is then a \$20K budget augmentation for Police & Fire and a \$5K augmentation for Recreation and Library, the total of that is \$108K from the General Fund. [The Finance Director again noted that the Public Works \$20K augmentation will not be taken from the General Fund]. With these additional adjustments and augmentations, that would take the original projected deficit of \$101K up to roughly \$208K.

City Manager Holsinger stated that as far as the Council making contributions to the various departments, he doesn't have an objection to that, but administratively, he doesn't believe there should be a contribution made to the Administrative branch of City Government. He believes it is incumbent on the staff and Council to come up with revenue sources moving forward. Going back several years when the City had significant deficits, one of the things the City had to do was trim expenses, and while staff was able to cut back on a number of expenses, they were also looking for ways to increase revenue sources. There were a number of items on the table that could have been considered by the Council to increase revenue but none of those items were ever adopted or approved by the Council. He believes now is the time for staff to come back and introduce the Council to the idea of considering the development of an Administrative Fee, adding a flat dollar amount for Administrative services for issuing and tracking records management on Building Permits, Business Licenses, etc. Essentially he doesn't believe the Council should augment the budget for Administrative Services, but rather he thinks the Council and staff need to get into a more detailed discussion about what the City can do revenue-wise with the creation of an "add-on" or administrative fee for the services that are provided. The fee doesn't have any impact on all of the tax payers and it would only impact the users of the service itself. Traditionally this is the type of fee that has been adopted by most local Government entities. He believes this would be a way to offset costs and he also believes there is a way to replenish the Façade Improvement Program fund as well. If the Council was considering contributing a stipend for the Administration Services branch, he would rather see them put that \$5K into the Façade Improvement Program funding which would better enhance and be more of an asset to the business community and provide some incentive for business development.

Council and staff discussion continued regarding potential replenishment of funding for the Façade Improvement Program and it was ultimately the majority consensus of the Council to take \$15K out of Community Discretionary Funds and transfer it to the Façade Improvement Program funding.

6. City Contribution to Glenn Medical Center Development & Construction:

In the spring of 2014, the City Council was requested to contribute monies to the planning and development of the future renovations to Glenn Medical Center by covering the cost of environmental processing and early planning of the new hospital project. The Council approved \$16K of funds for these activities. Subsequently the initial environmental study became more comprehensive than first anticipated and the costs that the City has made to date are as follows:

- * Wildan-Environmental & Planning \$23.7K
- * Dept of Fish and Game – Enviro. Fee \$ 2.2K

- * Coastland – Lot Line Adjustment \$.8K
- * CSU Research Foundation \$.2K

The total that the City has paid to date to go toward this project is roughly \$27K. Staff made the internal decision to cover these costs without additional Council oversight, as the overall funding source, the Community Discretionary Fund, remained within overall budget parameters.

At the request of the Council Members, this is now being brought back before them for discussion purposes regarding costs already borne, as well as thoughts regarding future participation. Unfortunately it is too early in the process to adequately provide even a reasonable estimate of planning, engineering review, and building plan check and inspection costs. As such, assigning an amount to consider is not available for consideration at this time.

Council discussion ensued and it was agreed upon by all of the members of the Council that the City has already done more than their part monetarily for this project and the funding was a one-time good-will gesture. The unanimous consensus of the Council was to cap any further future funding of this project and that any additional project costs should be borne solely by the developer going forward.

7. Discussion of possible development/implementation of Administrative Impact fees; directly associated with Business Licenses and Building Permits records management requirements:

The City Manager stated that there have recently been ongoing discussions at the staff level about the development of a flat-rate impact fee as an add-on the Business Licenses and Building Permits and the level of activity involved with that in the main Administrative Services offices. Administrative staff process approximately 680 active business license applications per year. Upon the Finance department doing a preliminary analysis on this, the portion of the overall cost for dealing with the business license activity is about \$9700K per year. So with 680 Business Licenses, that would require the City to recover \$14.24 each in order to break even. The Ordinance that originally established the Business License fee was established solely as a revenue source to the City. He doesn't believe the Ordinance contemplated paying the ongoing costs associated with the activity that is involved. In order to make Business Licenses a true revenue source, or even to break even, the City needs to recover the rest of the costs that go into the processing of the licenses. The City Manager stated that the same scenario holds true for the issuance of Building Permits. At the time that the City moved the Building Department from the Fire Department up to City Hall in 2006/07, there was a part-time position associated with the Building Department that performed some of the Building Department's clerical support, back-up and basic over-the-counter permit issuance. At that time, a 3rd full-time Administrative Staff Member was located within the Administrative offices and agreed to assume those functions at City Hall and save the City money by doing away with the part-time clerical position. Subsequently, that full-time Administrative position that was responsible for assisting the Building Department with clerical and other duties, was eliminated by the City Council and the

position has never been reinstated. In the meantime, the Building Department now has become busier than ever before and it is really difficult for a one-person department to keep up with all of the plan checking, permit issuance, performing building inspections, updating files, etc. While the City has recruited for a part-time clerical position to assist with both the Building and Planning Departments, the City doesn't have enough money budgeted to pay for the required number of hours to adequately perform the number of tasks that need to be completed. Therefore it became incumbent on staff to look at a way to pay for that position, and the way he thinks it could be paid for is to add a \$20.00 flat fee to all Business Licenses and Building Permits. By doing this the City will recover enough money administratively to pay the offset of the Clerical Support and the filing and records management tasks associated with processing those items. Staff is seeking Council's direction on whether or not this is something that they would be interested in, and if so, they should direct staff accordingly to begin to work on creating an Ordinance that would allow the City to add an administrative fee for processing Business Licenses and Building Permits.

Council and staff discussion ensued. Each of the Council Members agreed that they like the idea of the creation of a \$20.00 administrative processing fee for these two tasks and ultimately it boils down to the fact that it is the cost of doing business. Ultimately it was the unanimous consensus of the City Council to direct staff to bring this item back on a future meeting agenda with a proposed Ordinance to add a \$20.00 administrative processing fee for Business Licenses and Building Permits.

8. Set time and date for next Budget Meeting or a Budget Ratification:

Prior to adjournment of the meeting, it was discussed whether it was necessary to have additional special budget meetings before the 2015/16 budget is ultimately ready for formal adoption. The Council consensus was for staff to bring the final proposed budget back before them for a public hearing and consideration of final adoption at the July 14, 2015 Regular City Council meeting. The budget will include all of the aforementioned augmentations and modifications that the Council had a consensus on. The Finance Director stated that the salary and benefits adjustments for the Unrepresented Employees will be a separate agenda item that the Council will take action on before the public hearing for budget adoption will be held. He stated that if by some reason the salary and benefits item were not to be adopted, he would need to adjust the budget accordingly and would do so upon its adoption. He informed the Council that with all of the adjustments and augmentations that the Council agreed to make at this meeting will leave the City's 2015/16 budget with a new projected deficit of \$208K upon its adoption.

9. Adjournment: Mayor Domenighini adjourned the meeting at 11:23 a.m.

Dated: July 30, 2015

NATALIE BUTLER

City Clerk

The City of Willows is an Equal Opportunity Provider