

MINUTES OF THE WILLOWS CITY COUNCIL SPECIAL BUDGET MEETING HELD
March 28, 2012

1. The meeting was called to order at 11:00 a.m. by Mayor Holvik.
2. **PLEDGE OF ALLEGIANCE:** Brian Ramos led the Pledge of Allegiance.
3. **ROLL CALL:**

Present: Council Members Yoder, Hansen, Taylor-Vodden, Cobb & Mayor Holvik
Absent: None

4. **Public Comment:** None
5. **FY 2012/2013 Budget Overview:**

Mayor Holvik began the meeting by providing the Council and Staff with a list of goals and objectives of today's meeting, stating that the goal of today's meeting is to provide City Staff with clear direction on how to proceed in the budgeting process for the 2012/13 budget.

The Finance Director then presented two baseline budgets – one budget with the implementation of scheduled wage increases and one with continued deferral of scheduled wage increases. With the continued deferral of scheduled wage increases there is a projected deficit of \$120,734. With the implementation of scheduled wage increases, the projected deficit is \$219,351. This amount does not include returning the 10% voluntary wage reduction of salaries of the Management Staff, as the Management Staff has already agreed to continue their voluntary 10% reduction for the upcoming fiscal year.

The City Manager then presented the Council with a seven year history of General Fund Operations, showing a graph of revenues and expenditures from the 2005/06 fiscal year through the 2011/12 fiscal year. He pointed out that for the last six fiscal years the City's Expenditures have exceeded the Revenues and over a seven year period the City's reserves have been drawn down from \$2,102,052 in 2005/06 to \$1,036,346 (projected for the end of the current 2011/12 fiscal year).

Staff is seeking guidance from the Council on how to proceed with the budget process and the Council's priorities in proceeding into 2012/13. Council discussion ensued and the consensus of the Council was as follows:

The Council would accept a deficit of \$120,734. They directed Staff to move forward with two tax measures to be placed on the November ballot; One measure to increase Transient Occupancy Tax and the other a measure to increase sales tax. Staff was also directed to begin negotiations with the Labor Groups (the Employees' Association and the Public Safety Association) and ask for them to continue their deferrals through the 2012/13 fiscal year. The City Manager stated that there was a request of the Public Safety association to not have him be involved with the budget negotiations. They also indicated that they intend to have a

professional negotiator. The City Manager was seeking Council direction on whether they desire to remove him from the negotiations. It was the consensus of the Council that the City Manager not be excluded from negotiations and that he continues to be on the negotiating committee. Additionally, Council Member Taylor-Vodden indicated that she would like to sit in on the negotiations. The Council agreed that this would be acceptable, therefore, the City Manager would be the primary negotiator with Council Member Taylor-Vodden assisting.

The City Manager then suggested that the Council review and re-prioritize the list of goals for potential Revenue Enhancements and potential Expenditure Reductions that they created at the September 13, 2011 meeting. Following were the goals set at that time:

The items introduced for discussion by the Council for **Potential Revenue Enhancements** were as follows:

1. Review current fee structure to consider adjustment as necessary. Examples:
 - a.) Development fees, building fees, encroachment fees.
 - b.) Park utilization or public facilities fees.
 - c.) Administrative fees (i.e., copy fees, permits, etc.).
 - d.) Business License fees.
2. Review Transient-Occupancy-Tax to consider adjustment as necessary.
 - a.) Authorize an audit of TOT collection.
 - b.) Consider increase of TOT rate by 2%.
3. Consider creation of new Tax model/methods:
 - a.) Consider partnering with Glenn County for specific sales-tax override.
 - b.) Consider creation of parcel tax for Fire Services District.
4. Special Events specific to the identity of the Community. Example:
 - a.) Rice Festival

The items introduced for discussion by the Council for **Potential Expenditure Reductions** were as follows:

5. Thoroughly evaluate any/all shared resources opportunities with Glenn County and/or surrounding cities.
 - a.) Consider a study to look into the possibility to consolidate law enforcement services within the City of Willows with the Glenn County Sheriff.
 - b.) Study opportunities with Orland or neighboring cities for administrative/city management services (i.e. City Manager, Planner, Building Official, City Clerk, Recreation, Parks, etc.).
 - c.) Consider negotiations with the County/Orland/other cities for out-sourcing financial management services.
 - d.) Solicit negotiations with Willows Volunteer Fire Service to assume an all-volunteer fire services unit – similar to Orland, and/or others.

6. Cut programs or eliminate city services. Examples:
 - a.) Closure of the City Library and return branches to Glenn County for operation.
 - b.) Eliminate the Recreation Department & all programming.
 - c.) Eliminate the City Manager & Clerk positions and have Council manage day-to-day operations and maintain/retain all city records, etc. (similar to County model).

7. Maintain the status-quo and reduce the workforce in accordance with City Policy.
 - a.) Prepare a proposed budget and then calculate the exact number of employees possible to retain (i.e. affordable with projected revenue) consistent with available funding. Notify all others of position elimination and/or lay-off.

Discussion ensued and the consensus of the Council was to put item #1 on hold for the time being and Council will revisit at a later time. Council directed staff to move forward with item 2 (b) and item 2 (a) is on hold. Item 3 was eliminated in its entirety. Item 4 will be on hold for the time being and Council will revisit at a later time. Items 5 (a), (c) and (d) were eliminated and Item 5 (b) is something that is ongoing but not a priority with this year's budget development process. Item 6 was eliminated in its entirety. Item 7 was left as is since it is what we are currently doing.

6. **Set time and date for next Budget Meeting:** It was determined that no definitive date and time would be set for another budget meeting at this time. Council would like to wait until the negotiators have had time to meet with the Labor Groups before holding another budget meeting.

7. **Adjournment:** Mayor Holvik adjourned the meeting at 12:55 p.m.

Dated: March 28, 2012

NATALIE BUTLER

City Clerk

The City of Willows is an Equal Opportunity Provider