

MINUTES OF THE WILLOWS CITY COUNCIL SPECIAL BUDGET MEETING
HELD June 1, 2011

1. The meeting was called to order at 4:00 p.m. by Mayor Hansen.
2. **PLEDGE OF ALLEGIANCE:** Fire Chief Wayne Peabody led the Pledge of Allegiance.
3. **ROLL CALL:**
Present: Council Members Yoder, Cobb, Hobbs, Holvik & Mayor Hansen
Absent: None
4. **Agenda Review:** It was **moved** by Council Member Yoder and **seconded** by Council Member Cobb to accept the June 1, 2011, Special City Council Budget Meeting Agenda as presented. The motion unanimously passed.
5. **Public Comment:** Police Sergeant Jason Dahl, a member of the Willows Public Safety Association, read the following prepared statement into the record on behalf of the Willows Public Safety Association:

“Mr. Mayor and Esteemed Members of the City Council,
The men and women of the Willows Public Safety Association (WPSA) understand the difficult fiscal times that lay before us all and we acknowledge the painful decisions that lay before you. We would like to reiterate our intent to work with the city in an attempt to reach an acceptable and workable solution that would minimize the pain to both our members and to the city. It is our sincere wish to be part of a negotiated solution to this year’s fiscal woes. However, before you consider the combination of painful options presented before you in today’s agenda, we feel it necessary to remind this Council that no request to meet with the WPSA has been made by city staff since our last meeting on May 10th – one week prior to the special budget meeting on May 17th. It had been our impression that the city desired to work with the employees to come to some sort of equitable solution and it is still our hope that some form of compromise can be accomplished. But, it is impossible to reach a compromise unless we are seated at the table. It is our hope that today’s meeting will result in direction to city staff that will encourage continued dialogue before any consideration of drastic action be made. We look forward to working with city staff to negotiate a mutually acceptable – if painful – compromise to the current crisis that looms before us all. We urge this Council to continue with an open dialogue rather than unilaterally closing the door to future discussions.”

PERS Contract Amendment:

The Finance director introduced this item to the Council stating that Council had 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 is to adopt a Resolution of Intention to amend the City’s contract with PERS for both the public safety and miscellaneous members.

If tonight’s Resolution is adopted, there will be additional steps in this process which will occur during subsequent City Council meetings. An Ordinance must be adopted in accordance with the City’s prescribed Ordinance process and a calculation of employer’s estimated cost will be

presented at the same meeting as the introduction and first reading of the Ordinance. The contract amendment would be in place following 30 days from adoption of the Ordinance. However, October 1 is the earliest possible date that the service credit incentive may be offered due to system conversion issues at CalPERS. With that, it was then **moved** by Council Member Yoder and **seconded** by Council Member Hobbs to adopt a Resolution to approve an amendment to the Contract between the Board of Administration, California Public Employees' Retirement System and the City Council of the City of Willows. The motion unanimously passed.

FY 2011/2012 Budget Overview:

- Review of 2011/2012 proposed General Fund Budget.
- Council review and discussion of alternative reductions in staffing and/or other methods to reduce the anticipated deficit.
- Council review and discussion of City Hall Hours of Operation.

The Finance Director stated that as requested by Council during the last Budget Meeting, there are several items that he is presenting to the Council this evening. The first is a detailed line item proposed budget for Fiscal Year 2011/12 that provides greater detail than the preliminary budgets that they have seen at the previous meetings. He called to Council's attention the Forward Page of the proposed general fund budget update narrative. He pointed out that there is a summary on the first page of the items that take into account the assumptions made during the course of the budget. The only thing he did not include on the summary was the assumption of those who are currently voluntarily taking a 10 percent wage and benefits reduction would continue to do so, and that all other labor agreements pertaining to defer the wage agreement would continue, so those assumptions are already built into this budget as presented.

When the Council last met, the City was looking at a budget deficit of \$463,000. City staff did point out the effects of some of the Public Works employees retiring as of October 1 and also put into place the recommendations of Council regarding some additional reductions at the time, so he called attention to the changes on the spreadsheet being provided tonight versus the spreadsheet given at the last budget meeting. Based upon these changes, the City is currently looking at a budget deficit of \$297,000. Therefore between March 17 and June 1, a total of \$166,000 has been cut out of the deficit. This amount comes from a projected savings of \$136,000 from three retirements in the Public Works Department, with a back-fill of \$26,000 for part-time Public Works staff due to retirements, the elimination of funding for the CSO and Accounts Analyst positions per Council's direction for a savings of \$17,000 and \$11,000 respectively, a one time dividend in our liability insurance of \$26,000 and looking at an adjustment of revenue estimates at an additional \$2000.

At this point the Finance Director stated that he would like to turn the discussion over to the Council for Council's request for additional direction. Council Member Yoder began discussions by stating that it is his recollection from the last meeting that the Council directed the Department Heads to go back to their original individual line item budgets and see where they would be able to participate in trying to minimize the deficit, so he believes it would be more appropriate if the Council heard from the administrators and department heads, since they know their individual budgets better than the Council does. He believes the onus should be on the

Department Heads to suggest cost saving measures to the Council, and not for the Council to have to tell them. Mayor Hansen concurred. Council Member Cobb had no initial comments other than to state that he too would like to hear from the Department Heads as well. Council Member Hobbs stated that she does recall that the Council decided at the last meeting that is what they wanted to see, but after she has had additional time to think about it, she wondered why the Council would ask the Department Heads to do this again when the Council has asked the Department Heads over and over to look at line items. She believes if the Department Heads can find some line item savings that is great, but she believes the Council is just spinning their wheels and it is time that the Council needs to make some tough decisions, which is painful. She wonders, if the Department Heads have been over their line item budgets many times before and they haven't found anything, what is the likelihood that they will find any items now? She stated that one of the main responsibilities of a Department Head is to manage their budget and she believes that the Department Heads have evaluated their budgets and cut items in every place that they could. Council Member Holvik concurs with Council Member Hobbs, stating that the Department Heads have already been through their line item budgets repeatedly. He stated that he does not recall that was the direction that the Council gave to the Department Heads at the meeting. He recalls asking staff to prepare some items for Council consideration concerning various scenarios of furloughs at different percentages and the effects of layoffs, which was what was provided as requested at tonight's meeting, and he also recalls asking for the Staff to prepare a line item budget for the Council to review in case there was something on there for the Council to look into more closely and question. He believes the Department Heads have cut their budgets as much as they can, and he believes everybody is now waiting to see what the tough decisions are going to be that the Council will have to make. He stated that he does not wish for the Department Heads to go back through the line items again and he does not wish to put any Department Head on the spot and he is assuming that they have already done the best they can with cutting the items that they could cut. The bottom line at this point is that the City needs to cut an additional \$147,000 in order to get to the targeted \$150,000 deficit amount which he reluctantly agreed to, but he does not believe the City is going to come up with an additional \$147,000 by looking at the line items. Council Member Yoder then agreed and stated that he doesn't believe a balanced budget can be attained in the line items either, however, every little bit that is found brings the Council closer to not having to lay a person off. He just questioned whether there may be some areas within the line items that can be adjusted. He used the example of the Council discovering at a previous meeting that there was a \$17,000 savings alone just in learning that even though the CSO position had remain unfilled during the whole 2010/11 Fiscal Year, the position was still being funded. He doesn't know if there may be areas within the line item budget that a Department could do without, but he does believe that the Council asked the Department Heads to look at those things and come back with the line item budgets and the furlough scenarios because he believes that this is a process where everybody needs to be involved, and everybody needs to be held accountable for the decisions that the Council is going to make. Council Member Cobb agreed, stating that he believes that during the last Budget Meeting the Council did ask the Department Heads to do that, basically to determine if they could find any further savings while looking at the line items. If no additional savings have been discovered the Council will need to make some decisions rather quickly. He thought that the Council asked for discussions on potential furlough days and the ramifications of that and the Council is here tonight to hear exactly how that has been proceeding. Now from what he has heard from Sergeant Dahl tonight, there have been no further meetings between the Associations

and the Negotiating Team and he was curious why this was the case. The City Manager stated that essentially there were no scheduled meetings because he and the Finance Director had no proposals for which to request a meeting and the Associations never requested to meet with them as a follow-up discussion on an alternate proposal. The City Manager and Finance Director had met with the Associations several times and diligently pursued, at the Council's direction, to negotiate with the groups on an across-the-board 10 % wage reduction and the final answer from both labor groups was essentially no that they would not agree to the ten percent reduction. That didn't slam the door on future negotiations, but there was never a counter-proposal presented by the Associations for them to ever consider, and there was never any specific direction from the Council for him and the Finance Director to look at pursuing an alternative direction. The Council basically just gave a general direction that they hoped that discussions could continue. City Staff is certainly open to continue those discussions and would be happy to discuss any alternate proposal. Yesterday the Finance Director met with representatives of the Public Safety Association and agreed to meet with them either yesterday afternoon or today if there was a new proposal prepared which they could consider and bring before the Council. There has still not yet been a date or time established to hold this meeting. Council Member Cobb stated that essentially then, the reason there were no further negotiations initiated by City Staff to meet with the associations was because City Staff was waiting on further direction from the Council in order to propose alternatives to the Associations. The City Manager stated that was correct. Council Member Cobb then stated that if the Associations haven't come forth with a request to meet to discuss alternate proposals then it was ultimately up to the Council to make a decision on how to proceed. The City Manager then followed up by stating that it was never Staff's understanding that each of the Departments were to review their budgets looking at a target to reduce anything. City Staff has conducted several reviews trying to eliminate any additional expense. He doesn't think that any of the Departments believe that they are flushed with cash in their proposed budgets. The City has a pretty bare bones budget presented and he doesn't know if there is much room within the budget to make an incidental cut here or there which will have a significant impact on the deficit. He stated in defense of the Staff that the current Department Heads are very cognizant of what they need to get the job done, but also they have a great deal of respect for committing to providing their services in the most cost effective manner as possible. It has been his experience that none of the Department Heads go on a spending spree at the end of the fiscal year just because there may be extra money available. The reason that the City has been able to close their budget gaps in previous years is because Staff has been aware and has always kept expenses absolutely to a minimum. Unfortunately this current fiscal year, the City is unable to close that gap. Mayor Hansen then stated that it was his recollection that the Council asked Staff to go over a line item budget with a fine tooth comb. He believes that the City is fiscally well managed and that the proposed budget is a bare-bones budget, however, as Council Member Yoder pointed out earlier, it was discovered by going through the budget line by line that the CSO position's was still being funded and that was a savings to the City.

Mayor Hansen then stated that he had a few department-specific questions and at the last meeting he believes he made it very clear that he believes citizens pay taxes for basic government services and many other of the services the City offers are just nice to have. He believes Police, Fire, Public Works, and Streets are the basic government services that the City must have. With the Recreation Department, he asked at the last budget meeting if the temporary part-time office staff position was absolutely necessary because if it isn't essential, it

would be a \$7000 savings to the City. He realizes it is only \$7000, but if you can find \$7000 here and there, it could mean the City might be able to avoid the layoff of a Police Officer or a Firefighter. The Public Works department has essentially been decimated with the announcement of three early retirements and this leaves the Public Works Director basically with bare bones for staffing. He states that he has a lot of faith in the City Staff and believes that the City is well managed and that everybody does a fine job running their respective departments, but a few dollars saved here a there eventually adds up. He asked the Recreation Director Carol Lemenager what exactly the \$7000 allocated for an office staff position in the Recreation Department is for. The Recreation Director stated that it is for secretarial help in the office to assist preparing, copying and distributing Recreational activity flyers, schedules, etc., and to assist with sign-ups for the many activities offered through the Recreation Department. Additionally, this money is used to pay staff to supervise Recreational off-site activities such as the soccer games. Mayor Hansen then asked Library Director Jody Meza how many part-time employees there are currently working in the Library. Ms. Meza stated that the entire Library staff consists of five part-time employees, one full-time employee and herself. She stated that the Library is currently open 37 hours per week and with the small number of staff it is sometimes difficult to even maintain being open the 37 hours. She stated that if the Library were to lose any employees that it would likely become necessary to trim down the hours of operation as well as cut some of the services currently offered to the public due to lack of adequate staffing.

Council Member Hobbs then stated that she was wondering what it is that the Public Safety Association is offering and what their proposal is. She has heard from the City Negotiators that the Association was not willing to agree to a 10% wage reduction. If they had been willing to take the 10% reduction, the Council would not be in the position they in now having to cut everybody else. The Council is looking at every other department that has been minimized and reduced, and she stated that she would like to hear their proposal. She understands there are essential services but she also believes that a well-run City is a City where people want to live, where there are also basic services offered, including recreation and library services. She stated that according to the Public Safety Association's letter, it indicates that they are willing to negotiate, and she would like to know exactly what it is there are offering. The City Manager then stated that he and the Finance Director would be happy to sit down and have further discussions with the Association, however, the last time they met with them in order to determine what they were willing to offer, they refused to take the 10% wage reduction. However the Association did indicate that they would be willing to pay a portion of the employees' PERS payment, but it was never identified what that level of payment was, or what level of savings it would provide to the City. At the moment he indicated that he is unaware of a new proposal that they could review and reach an agreement on. The Finance Director then added that he would like to clarify that the Association didn't actually present a proposal, but rather it was more of a talking point, and he did not want to commit the Public Safety Association to having had actually submitted a specific proposal, as that would be unfair. There was a discussion held about a partial payment by the employees, but the spread between the calculation of what that would save versus what was being requested with a 10 % across-the-board reduction in wages and benefits, was quite a wide spread. It then became a situation where the partial payment offered by the employees would need to occur in conjunction with other significant factors in order to achieve the same level of cost savings as the 10 % reduction would

have saved. Council Member Hobbs inquired if there may be other savings factors that Public Safety Group may have for consideration, but the Negotiators don't have those factors at this point. The Finance Director confirmed that was correct and he stated that he wanted to clarify that the responsibility to schedule meetings, at least from the Management side, rests with him, and if the expectation was for the Management to take the lead in negotiating sometime between May 17 and now, that rests with him. He stated that he took the approach that if something new was on the table by either Labor Group, he would have been welcome to hear them and to schedule a meeting. Council Member Hobbs stated that she would not be satisfied unless she knows what they are proposing before she has to make any tough decisions. Council Member Holvik then stated that he concurs with Council Member Hobbs that without knowing what alternative proposals might come up, he wondered if the Council is supposed to just wait. He stated that the City is still looking at a deficit amount of \$297,000 and Staff and Council have virtually cut everything out of the budget that can be cut up to this point. Mayor Hansen then stated that at the last meeting he personally implored the Bargaining Units to work toward a solution and help the City out. Apparently that has not been done. So now it is June 1 and the City has to have a budget in place by July 1, and the City is in a dire situation. He stated to the PSA that if they have a plan, they need to get together with the negotiation team and get the plan solidified. This is something that he believes is extremely important and it should have already been done by now in his opinion.

At this time, Police Officer and President of the WPSA, Kelly Trent addressed the Council and explained that the PSA held an emergency meeting last night because the Finance Director contacted the Association yesterday and she stated that the PSA does have a proposal ready to submit if the Council is willing to take a break, they would be willing to meet with the City Manager and the Finance Director and present them with the proposal. Mayor Hansen then asked for thoughts from the Council Members about this and the consensus of the Council was to allow this. Mayor Hansen then asked Officer Trent how much time the Association would need to get this information and Officer Trent responded that the proposal would still need to be typed up, but it would only take a few minutes to do that. Mayor Hansen indicated that the PSA could go ahead and get started and that the Council would take a recess shortly, but he would like to move on to the next item on the Agenda, which is the Council review and discussion of City Hall Hours of Operation and he would like to address that item before the Council took a recess.

Council Review & Discussion of City Hall Hours of Operation:

The City Manager reminded the Council that at a past meeting there was some discussion among the Council about the City's hours of operation, which is why this item was placed on the agenda. He stated that if there was a need to restore the hours of operation and/or make some other accommodations to staffing or services, he is seeking direction from Council to do so. The City Administrative Offices have been working 7:30 a.m. – 5:30 p.m. Monday through Thursday, with Friday closures over the past two years. The adjustment to a 36 hour work week was made to offset the 10 % wage reduction that a majority of the Management Staff agreed to when entering into the 2009/10 Fiscal Year. These members of Management Staff agreed to continue the 10 % reduction during the 2010/11 Fiscal Year and it has also been indicated they will continue the reduction once again for the upcoming 2011/12 Fiscal Year. In a survey that was conducted among the employees and the public at the time the hours of operation changed

from five 8 hour days / week to four 9 hour days / week with Friday closures, there was a significant level of support for the continuation of the adjusted schedule. The schedule seems to be working well for the public and the employees and at this time staff is not recommending any changes to the schedule but would be happy to answer any questions about it or accept any comments from the public. Brief discussion ensued among the Council and staff and it was ultimately the consensus of the Council to keep the current schedule as it has been for the previous two years and not to make any modifications to the schedule at this time. Sandy Corbin, Administrative Secretary for the Willows Police Department, addressed the Council and asked that if she was to take a 10 % furlough, would the Administrative offices at the Police Department also be shut down on Fridays and would she and the Police Chief adjust their work schedules to be the same as the work schedule for those employees who have already agreed to the 10 % reduction. She further stated that the Police Department and Fire Department can't shut down their operations for a day and therefore the Police Officers and Firefighters can't ever just take an extra day off if they were to be furloughed. She stated that she believed that what is good for one should be good for all. The Finance Director addressed this, stating that at this point nothing has been finalized with regards to imposing furloughs, but if furloughs were to be imposed, ultimately a furlough is a reduction in hours and schedules would need to be adjusted accordingly. He stated that whatever is ultimately decided, he hopes that it will happen on a consistent application basis and that it will be imposed unilaterally.

Council Member Yoder then inquired where the City currently stands with the Contractual Agreements that are in place with the County. The City Manager stated that based on the best information that he has available, it is his understanding that all of the contracts with the County will be held at their current status, so essentially he is not looking at additional fiscal impacts for the budget for the next fiscal year with regards to the contracts with the County.

At 4:57 p.m., Mayor Hansen stated that we would stand in recess until 5:30 p.m. in order to allow the WPSA to meet with the negotiating team to present and discuss their proposal.

The meeting reconvened at 5:33 p.m., with the City Manager reporting that he believes that the WPSA provided an agreement in principle and they have come forward with an offer of significant concession which would help the City reduce its general fund budget within about \$40,000 of the targeted deficit amount of \$150,000. He indicated that the negotiating team and the Association would like some time to fine-tune and iron out a couple of points and to wordsmith the agreement and have the opportunity to present all of the details of the agreement to the City Council in a future Closed Session, which would be the appropriate way to do so. The negotiating team intends to meet with the PSA within the next few days to iron-out a few details, but essentially he believes there could be an agreement reached on the concession and then they could bring the agreement to the City Council on June 14. Again, he reminded the Council that even if the agreement of proposed concessions is approved, there is still a remaining deficit of \$40,000 (over and above the \$150,000 target), so the City would still need to look at somehow eliminating that \$40,000 prior to the adoption of the budget. With that, the City Manager stated that it was his request to table any further budget discussions to June 14.

Brief Council discussion ensued and the City Council thanked the WPSA for working with the negotiators and for offering sacrifices in an attempt to rectify the budget deficit. It was then indicated that the Council would continue further discussions regarding the budget on June 14.

Mayor Hansen adjourned the meeting at 5:45 p.m.

Dated: June 1, 2011

NATALIE BUTLER

City Clerk

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