

**RED BLUFF
SPECIAL CITY COUNCIL MEETING**

Date of Meeting: Tuesday, June 29, 2010
Time of Meeting: 6:15 p.m. Closed Executive Session
7:00 p.m. Regular Meeting
Place of Meeting: Council Chambers, City Hall
555 Washington Street
Red Bluff, Ca 96080

Councilmember's Present: Jeffery Moyer, Mayor
Bob Carrel, Mayor Pro Tem
Wayne Brown
Forrest Flynn
James Byrne

Councilmember's Absent: None

Staff Present: Martin Nichols, City Manager
Cheryl Smith, Deputy City Clerk
Scot Timboe, Planning Director
Mark Barthel, Public Works Director
Donna Gordy, City Treasurer
Tessa Pritchard, Human Resources Director
Paul Nanfito, Chief of Police
Michael Bachmeyer, Fire Chief
Margaret Van Warmerdam, Finance Director
Debbie Carlisi, Parks and Recreation Director

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CLOSED EXECUTIVE SESSION:

1. CONFERENCE WITH LABOR NEGOTIATORS: Executive Session in accordance with Government Code Section 54957.6 for the purpose of instructing the City's designated representatives Martin Nichols, City Manager, and Tessa Pritchard, Human Resources Director, regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits with the Police Unit, Fire Unit, Miscellaneous Unit, Mid-Management and Management Employees.

Mayor Moyer reported that the City Council had given direction to staff.

PLEDGE OF ALLEGIANCE:

Mayor Moyer requested Scott Spangler to lead the Pledge of Allegiance and the Assembly joined in

Mayor Moyer stated that he was going to hold Citizens Comments until after the agenda report was heard.

FY 2010-11 BUDGET

Councilmember Wayne Brown reviewed the Budget Committee's report and the recommendations actions as follows:

- a. Receive the Committee's Report.
- b. Adopt or amend Committee's Recommendations.
- c. Adopt Interim FY 2010-11 City Budget as a basis to authorize City Operations until a Final FY 2010-11 budget can be presented to the Council.
- d. Until a final budget can be adopted and the results of discussions with employee organizations are known, the City Manager is directed to implement tight expenditure controls.
- e. Direct staff to prepare a Final FY 2010-11 City Budget.

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- f. Adopt the following budget control polices:
 1. Staff provides periodic budget reports to the Council on both actual expenditures and revenue changes.
 2. Require all future vacant positions to obtain the approval of the City Council before being re-filled.

CITIZEN'S COMMENTS:

Debbie Morisch expressed her concerns over the budget deficit and presented a list of questions to the City Council, as well as a list of suggested cost savings.

Kathy Bonner expressed her concerns over the budget and asked that the bus shelters in storage be installed in various locations around the City.

Greg Latourell asked that the City Council write a letter supporting Arizona and Arizona's Senate Bill 1070 on enforcement of immigration laws.

Danielle Jackson expressed her concerns over the budget and stated that she would like to see the City Manager and Human Resources Department cut their budgets by their percentage of the budget.

Art Frolli, Operating Engineers 3 Union Representative for the Miscellaneous Unit, stated that he felt the cuts were heavy on those who made the least amount of money. He requested that the City Council allow the collective bargaining process to go its course and maybe we could resolve some of these shortfall and keep everyone working as his concerns is keeping jobs. He requested that if this plan is adopted it is done by amending the layoffs of the Police Records Specialist and the Park Maintenance Worker.

Mayor Moyer requested clarification on the statement from Human Resources regarding limited ability to handle any new recruitments etc. and asked why.

Tessa Pritchard, Human Resources Director, explained that the cuts are compounded, last year the departments supplies and services was cut by 42%, the \$4,000 plus that is being cut this year amounts to approximately 20%. She deals with harassment and discrimination investigations, unemployment appeals, negotiations, workers compensation, fitness for duty etc. All these things need to be done and are legally required to be done.

Mayor Moyer requested clarification on the Police Department's reduction to gas and oil by \$10,000 and if that was possible.

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Chief Nanfито stated that was correct, it's based on the total reduction of two additional police officers this year, which will bring the number of police officers reduced to 5, and will result in less miles covered, so we're be using less gas.

Mayor Moyer requested clarification on the Fire Department with the reduction to gas and oil of \$8,000 and the negative contained in rents.

Fire Chief Bachmeyer stated that was correct, from projections of this year's budget, should put the department of around \$20,000 which is what he was budgeting for the next fiscal year budget. We will probably amend some of our future operations, such as putting off the Engineer's Academy, which takes up a lot of time with equipment, drivers training etc. As to the negative amount contained in rents that is for the communications vault lease with the State, which was previously brought to the City Council for approval, and they will no longer be providing this for free.

Mayor Moyer requested clarification on the Public Works charges and the reduction in tools and equipment in the Parks and Recreation Department.

Debbie Carlisi, Parks and Recreation Director, stated that the department is charged an allocation from Public Works for fleet operations and she believed that at one point in time Public Works helped in the Parks, which they no longer do, so we asked that the Fleet Operation be reduced to what we felt would cost for oil changes, and we kept in money for maintenance and tires. Tools and equipment reductions is for new tools and maintenance of tools and since they received a new lawn mower they are hoping that they can provide that savings over the next few years.

Mayor Moyer requested clarification on the insurance and asked if she was comfortable with.

Ms. Carlisi stated that she believed that with the close of the swimming pool will save \$23,260, not the \$46,520, she believed that was an error. She also felt that the insurance should not be \$30,000, it should be \$10,025. She comes up with a savings of \$110,915.

Mayor Moyer asked where the extra \$40,000 would come from.

Mr. Nichols stated that he and Ms. Carlisi had discussed this and as we've gone this budget report there are something's that will need to be addressed and they will be addressed with the Budget Committee before the Final Budget is adopted.

Margaret Van Warmerdam, Finance Director, stated that the Insurance and Bonds are allocated to all departments and the allocation is substantially less than prior years and this is a saving, the actual amount will be charged to the departments.

Mayor Moyer requested clarification on the \$10,000 reduction in General Government Building Professional Services.

Mr. Nichols stated that was because the maintenance agreement had gone down.

Mayor Moyer questioned why the only reduction in the City Manager's budget was \$3,500.

Mr. Nichols stated that like other departments substantial reductions were previously made and the department was down to just what was necessary for basic operations.

Mayor Moyer requested clarification on the contribution to the Chamber of Commerce and Tehama Local Development.

Mr. Nichols stated that this was the reduction that the Chamber agreed to last year and they are agreeing to rebate \$5,000 per quarter and there are no reductions to Tehama Local Development.

Mayor Moyer requested clarification on the unemployment insurance.

Ms. Van Warmerdam stated that the City is still paying for the last round of layoffs and she has asked for an extra set aside anticipating additional layoffs.

Mayor Moyer requested clarification on when staff knew that this deficit was going to be this deep.

Mr. Nichols stated the Budget Committee had been meeting over several months and as we started looking at the budget and this exact amount was known in mid June. We had different amounts the beginning of the year with \$300,000, that grew to \$600,000 and then in June to this amount.

Councilmember Flynn questioned how the Parks and Recreation Department was going to save money on utilities.

Ms. Carlisi stated that it was based on what was actual spend last year.

Councilmember Byrne requested clarification on the statement under Finance that the Finance Department will need to focus its reduced resources on day to day financial matters and not be able to take on projects that improve our financial management systems.

Ms. Van Warmerdam stated that she currently had several projects on the board to complete, one of them was the cost allocation plan, and realistically she does not see herself getting to that project done.

Councilmember Byrne questioned when staff was aware that the sales tax revenues were going to pieces.

Ms. Van Warmerdam stated that she did not have the specific date, but that the City receives quarterly updates, trends and analysis and they give us projections for the next fiscal year that is used in the budget. There is not just one date and one number, staff is constantly looking at these numbers and having meetings and discussions about them.

Mr. Nichols stated that we budgeted 2.4 million dollars this year and it looks like we're going to come in at 2.2 million.

Ms. Van Warmerdam stated that in two fiscal years together you've almost lost \$750,000.

Councilmember Flynn stated that the information was relayed to the Council.

Mr. Nichols stated that there were reports given to the Council.

Mayor Pro Tem Carrel stated that it is important to know the concerns of those in the audience.

Danielle Caito, Manager of the City Pool and member of the Blues for the Pool Committee, feels the pool should not be cut from the budget. If anything put it in the budget, but give it no money and let us raise donates and get sponsorships to keep it open.

Mayor Pro Tem Carrel asked if that could be done.

Mr. Nichols stated that the pool is in the budget and would close one week early and would not open again until June 15, 2011, so there would be time for them to raise money.

Ms. Carlisi stated that the total cost to operate the pool is \$57,000. Took a 10 week schedule and shortened it to a 7 week schedule.

Mayor Pro Tem Carrel questioned if the sponsorships for the free swim days cover the costs.

Ms. Carlisi stated that it covers the cost of the employees, as long as there's water in the pool, we have to keep the chemicals in the pool. Between the \$10,000 that the Blues for the Pool donated this year and the \$2,100 that they collected from business for the free Saturday swims totals \$12,100.

Debbie Morisch stated that she understands that the pool cost is quite large, the annual cost for chlorine stands at \$18,436.95. There is a grant that would enable them to install a salt generator system into the pool, which would cut the chemical cost by \$13,836 per year, if the numbers they are getting from the vendor is correct.

Ms. Carlisi stated that we are trying to research it so that we know that we are doing the right thing for the pool. We do have a grant for \$233,000 that has to be used by 2012 for the swimming pool, use other money for the gutter system or piping.

Mr. Nichols stated that staff was concerned about the effect of the salt on the old pipes and the State restricting the City's ability to discharge salt water into the river.

Ms. Morisch stated that she had done a lot of research and that was not an issue. Blues for the Pool is out there trying all the time, which is how they came up with the free swim Saturday. Outline she gave Council has suggestions for saving money, why can't the everyday HR duties be given to Department Heads.

Larry Stevens, concerned citizen, stated that this is not an easy thing to do, but the first obligation of the City Council is to make sure that first our communities stay safe, that we meet the basic needs of the community and that we have a safe community with both Police and Fire and that the roadways are repaired the best they can be with the funds available, the other things are what we do when we have better time. The swimming pool is something that is wonderful to have but is it sustainable, it hasn't been self sustaining for a long time, it's been subsidized and it's been done through volunteers, but as the economy goes down the donation dollar shrink as well. Most homeowners are concerned about our neighborhoods, how they look, how they're policed, how safe they are if a fire happens. Fulltime jobs are important; you can't cut jobs and cover them with overtime.

JD Ellison stated that he and the Public Works Director had worked diligently on whether the saline filter would work for the pool, and what it will do to the existing system, the maintenance cost. According to some of the people that he has spoken with the maintenance cost would almost triple as you have to have continual cleaning of the pump system. There is no use to have a meeting until we have all the facts together, as they want to make sure that do not want to ruin the pool. As for whether or not HR is needed, he doesn't have time to be a HR Director. You have to have your specialty and you have to watch out for the City.

Rob Jackson stated that he has appreciated the Parks and Recreation Department and has supported the department. Fire and Police are important, but other departments are important too. Maybe we need to go back and have county residents pay extra fees, but also ask your City residents if they are willing to pay more for City services.

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Art Frolli stated that that the Cost Allocation Plan was approved 15 months ago by a Council vote of 5-0 and asked that the City Council make that a priority for the Finance Director and direct her to move forward on the plan.

Chief Nanfito stated that for clarify, he is comfortable with the \$10,000 cut to gas and oil, but the new cuts and layoffs and will bring his department down by 5 Police Officers, 2 Dispatchers, 2 Records Specialist and 1 CSO. There will be consequences to those cuts and there will be cuts to services and they will be significant.

Ms. Van Warmerdam stated that an RFP was done and it did go out to bid, but due to additional circumstances within the Finance Department she was not prepared to bring the project in house. She and the City Manager discussed and decided that they would delay the project until time became available for staff to address.

Greg Latourell stated that the Planning Commission and City Council has approved several subdivisions totaling several thousand homes in the next few years. With that he thinks that we need to do everything possible to add on to the Police and Fire Departments with the new home. He also stated that he had received information from those in the law enforcement community and that there is a gang presence in the City and Council and that now is not the time to cut back.

Councilmember Byrne requested periodic updates on resources and revenues.

Ms. Van Warmerdam stated that the staff is willing facilitate a monthly financial for Council for budget review.

Councilmember Flynn requested clarification on whether they could change items, as this is a starting point. If this is accepted, we've at least adopted a plan and we have to start someplace whether or not we agree with it.

Mayor Pro Tem Carrel stated that the Budget Committee spent a lot of time on the budget trying to save as many jobs as we could. There's always a different way to get something done and they are open to that fact. Many hours were spent reviewing and considering options and we were very open to other ideas.

Councilmember Flynn stated that if there is some way to save the pool, there's less than a year to do so, but doesn't see why it can't happen.

Councilmember Brown asked if this was moved forward tonight how long it would take to get a final budget.

Ms. Van Warmerdam stated that the biggest component is employee concessions, but based on the assumptions here, she would take the 12% reduction in compensation from all departments in the General Fund, should the Council not get the concessions

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from the Unions in the General Fund she would have to change those individual pages. She should be able to come back in 3 weeks to a month.

Councilmember Brown clarified that when it comes back to the Council they can also adjust final.

Ms. Van Warmerdam stated that was correct, but should the 12% compensation not occur and departments have spent money, it will make it difficult to come back and balance the budget. Should the \$648,000 doesn't come we will be looking at more cuts, which will include additional layoffs.

Ms. Van Warmerdam stated that if concessions are not received by the first payroll in July, we will be looking for additional \$20,000.

Councilmember Brown stated that the number we have we have to deal with it and the fact of the matter is that when we sat down to start working on this this was the number we were given. What we have to deal with are the total reductions.

M/S/C Carrel, Flynn to receive the Committee's Report.

AYES: Councilmembers: Brown, Byrne, Carrel, Flynn and Moyer

NOES: None

ABSENT OR NOT VOTING: None

M/S/C Carrel, Brown to adopt or amend the Committee's recommendations.

Councilmember Byrne stated that he did not want to adopt anything that shows that the pool is going to be closed at the end of July and the budget is premature and indefinite now.

Mayor Moyer stated that July 31st was July 31st of 2010, so that gives the Blues for the Pool to find donations.

Mayor Moyer requested and received clarification that the Council can still change recommendations anytime.

Ms. Morisch stated that Blues for the Pool and/or the lifeguards are not concerned that the pool is closing a week early. They are concerned with the fact that it says that it will not be open next year and they do not want that to happen. She questioned if this was adopted this evening if that meant that the employee would be laid off and if so she asked that they not accept this budget until the Council has taken a look at other alternatives.

Mayor Moyer stated that if adopted they can make changes and that if the budget is adopted the layoffs would occur.

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Councilmember Byrne requested clarification on what would happen to the grant if the pool closes.

Ms. Van Warmerdam stated that if the City chooses not to make any improvements on the pool you can ask for a reallocation of the money.

Ms. Carlisi stated that this grant was received in 2006/07 fiscal year and if the money is not spent on the pool we would have to give that money back to the State, it cannot be used for parks. She believes that all this can be addressed in the next 11 months and Blues for the Pool says that they will find money.

Councilmember Byrne stated that he did not want to see the pool closed and believed that other funding could be found.

Larry Stevens stated that if the word closed was changed to suspend operation, would that allow you to use the grant money to begin renovation, operational changes to the structure itself and then come back closer to the operating time in 2011 and assess the funding sources that would be necessary and resend the operations and put back into place the opening of the pool.

Mayor Moyer asked how actively we have been working on this grant.

Ms. Carlisi stated that we had been working on this and will seek answers to this within the next 12 months.

Ms. Van Warmerdam stated that if the adjustment and the additional savings that is found in this are not found in another department while preparing the budget, it will affect the reserve that the Council currently sees.

M/S/C Carrel, Brown to amend item C with the change adding 2010 to Pool – Close Pool July 31, 2010.

AYES: Councilmembers: Brown, Byrne, Carrel and Flynn

NOES: Councilmember: Moyer

ABSENT OR NOT VOTING: None

M/S/C Flynn, Carrel to adopt interim FY 2010-11 City Budget as a basis to authorize City Operations until a Final FY 2010-11 budget can be presented to the Council.

AYES: Councilmembers: Brown, Byrne, Carrel, Flynn and Moyer

NOES: None

ABSENT OR NOT VOTING: None

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M/S/C Brown, Byrne that until a final budget can be adopted and the results of discussions with employee organizations are known, the City Manager is directed to implement tight expenditure controls.

AYES: Councilmembers: Brown, Byrne, Carrel, Flynn and Moyer

NOES: None

ABSENT OR NOT VOTING: None

M/S/C Brown, Flynn to direct staff to prepare a Final FY 2010-11 City Budget.

AYES: Councilmembers: Brown, Byrne, Carrel, Flynn and Moyer

NOES: None

ABSENT OR NOT VOTING: None

Councilmember Brown asked if the Finance Director could do monthly.

Ms. Van Warmerdam stated that she would like direction from the City Council, she could do July 6th or July 20th, she would prefer the second meeting of the month. The system can generate the reports, what we will be doing is making unaudited financials available to the public.

M/S/C Carrel, Byrne that staff will provide monthly budget reports to the Council on both actual expenditures and revenue changes.

AYES: Councilmembers: Brown, Byrne, Carrel, Flynn and Moyer

NOES: None

ABSENT OR NOT VOTING: None

M/S/C Carrel, Flynn to require all future vacant positions to obtain the approval of the City Council before being re-filled.

AYES: Councilmembers: Brown, Byrne, Carrel, Flynn and Moyer

NOES: None

ABSENT OR NOT VOTING: None

Mayor Moyer thanked those in attendance for their concerns and the Budget Committee for the time they have put in.

Councilmember Flynn thanked the Budget Committee also for all the meetings and time they put in.

There being no further business Mayor Moyer adjourned the meeting at 8:45. p.m. until the meeting of July 6, 2010 at 7:00 p.m.

s/ Jeffery M. Moyer, Mayor

ATTEST:

s/ Cheryl Smith, Deputy City Clerk