

**WOODLAND CITY COUNCIL  
CITY HALL-COUNCIL CHAMBERS  
300 FIRST STREET  
WOODLAND, CALIFORNIA**

**MINUTES**

**SPECIAL MEETING/STUDY SESSION**

**OCTOBER 12, 2010**

CALL TO ORDER

At 6:00 p.m. Mayor Pimentel called the Special meeting of the Council to order.

ROLL CALL

Council Members present: Skip Davies, Martie Dote, William Marble, Jeff Monroe and Artemio Pimentel

Council Member absent: None

Staff Members present: Mark Deven, Ana Gonzalez, Greg Meyer, Dan Bellini, Wendy Ross, Roberta Childers, Rob Sanders, Heather Muller, Kimberly McKinney

PLEDGE OF ALLEGIANCE

Mayor Pimentel invited all in attendance to join him in the Pledge of Allegiance led by Police Chief Dan Bellini.

PUBLIC COMMENTS

Jess Powell said the City is \$2 million in debt. Vice Mayor Davies said that was a newspaper article that was in error. Mr. Powell said he had helped with the sales tax measure passage and could not visualize doing without Police and Fire. He questions the priorities for the funds. The Environmental Department should be cut because they are not as important as Police and Fire service. He had assumed that when he worked to help this pass, some of the money would be used to offset the water problem. There are some hard feelings lingering against Public Works and the Council about the vote. There will be more people running for Council because of some of these issues.

There will be a political change. If Council had given a token amount of money toward the water issues, the people would have better understood. There are many people who are on fixed incomes and cannot pay for these dramatically increased fees. Many people are losing their homes. Davis got through this and Woodland should see how they did this. There are bonds and fees and taxes. Council pushed the unethical vote and you knew we needed more money. He would have told the citizens the truth up front. Mayor Pimentel said the article in the paper indicating The City is cutting \$3.5 million and that is not the purpose of this meeting as the City has already reduced the budget by \$3.5 million. This meeting is to discuss the reductions and let the people know how we are going to prioritize those reductions. Measure B was specifically identified for public safety, parks and recreation and the Library were listed on the ballot and voted for by the citizens. Council is very committed following the outcome of that vote has distributed the money based on the ballot as we said we would do. Mr. Powell said he understands that but for public relations purposes, a token should have gone toward the water issue.

Cheri Barr owns City and County of Trees Treatment Center which is a medical marijuana dispensary. With Proposition 19 coming before the voters in a few weeks she wants the Council to grandfather her back into the City and renew her license to dispense. Patients have to go elsewhere to get their medication. The City of West Sacramento has taken her ideas under consideration. There are a lot of law enforcement people in the City that are aware of her business. She addressed the Sheriff's Department this morning. She can bring hundreds of jobs and Woodland needs her dispensary. She would like to have this item on the Agenda. A.B. 2254 contains her ideas. Tom Ambiano and Jerry Brown took her ideas. It is about revenue for the City and for jobs. There are educational tools and she wants the Council to look over the paperwork she provided them and come back at a later date with this on the Agenda.

Ray Resler would like the Council to move toward rehabilitation of the State Theater. He has heard two things, one proposal was to borrow \$2 million and the other wants a gift of \$5 million that would be repaid over a 20 year period. He would like to leverage the money. It appears that the City could loan the \$2 million and have him pay the insurance in case he defaults. Mr. Petrovich is asking for unlimited negotiations. The State Theater owner should have 90-120 days to work out the details. If he doesn't make it, Mr. Petrovich could then have a chance.

#### COMMUNICATIONS-COUNCIL/STAFF COMMENTS

Vice Mayor Davies said the Metropolitan Transportation Plan is up for review. This year the event is on October 14, 2010 from 6:00 to 9:00 p.m. at the U. C. Davis ARC ballroom. This Plan is part of Federal dollars. He participated on the Energy Committee. Our Staff is doing an excellent job saving dollars and reducing greenhouse gas emissions

Mayor Pimentel attended the Yolo County Transportation District meeting review of the flood maps for the North part of Woodland. With the changes proposed the District will save approximately \$600,000. He participated in the Cool Mayors Davis panel. The Green Festival was held to discuss how communities become greener in a variety of ways. Roberta Childers and Marshall Echols should be commended on the report they prepared for him.

## REPORTS OF THE CITY MANAGER

### REVIEW FISCAL YEAR 2011 ORGANIZATIONAL INITIATIVES

City Manager Deven said the challenge is that the City needs to implement the cost reductions approved in the Fiscal Year 2010-11 General Fund budget in a manner that has the least impact on public services yet generate permanent and sustainable long-term savings for the City.

The City has made the \$3.5 million in reductions and the purpose of this meeting is to discuss how the City is going to implement those reductions. During the budget process over \$2.3 million in revenue was added back into the budget. This revenue is primarily due to the sales tax measure which was allocated funds based on the percentage formula to the Library, Public Safety and Parks and Recreation. We were able to avoid the most egregious of reductions.

This is the third consecutive year of significant expenditure reductions. The cumulative impact of these reductions is a loss of 96 positions or 25% of our work force. We need to restructure the organization, reprioritize duties and redefine services.

The City Manager and Department Heads developed five City/Community goals. The goals should reflect the community's highest priorities. Initiatives defined as projects, programs and/or other activities to address the goals were developed. These goals are:

#### General Government/Fiscal Sustainability

The goal is to ensure a balanced budget for the 10 year Financial Plan period that meets the requirements of the City's budget and fiscal policy. Although tonight we are addressing the General Fund issues, all Funds would be included in this financial planning. The initiatives to be included to reach this goal are to develop a balanced 10 year Financial Plan for all funds. We will present a restructuring plan and related initiatives that will keep Woodland fiscally sustainable into the future and continue progress toward implementing a performance based budget.

They are focused on getting our financial house in order with the available resources.

### Public Safety

Within these available resources, we will ensure that Woodland is among the safest cities of comparable size in California and that citizens feel safe in their homes, places of work and throughout the community. To accomplish this, our initiatives are to minimize reductions due to three current Police Officer vacancies which will remain vacant at this time; to enhance Problem Oriented Policing through cooperation; to reorganize Fire management due to retirements; and to explore options to regionalize Fire service.

### Infrastructure

We will sustain Woodland's core physical assets including streets, buildings, technology, utilities and parks to high standards in condition, appearance and efficiency. There are several major capital projects needed within the City to repair and rehabilitate utility infrastructure primarily funded within the Enterprise Fund. The implementation of the surface water project is a major focus before the City. We are in the process of implementing a reorganization to accommodate the assignment of the Parks Division to Public Works.

### Economic Development, Redevelopment and Development Services

This goal would guide Woodland's development according to landmark policy documents and actions. It includes the Urban Limit Line, the General Plan, the Downtown Specific Plan, the East Street Specific Plan and the Spring Lake Specific Plan, as well as, the 10 Year Capital Improvement Plan and other documents that have been or will be approved by Council. The initiatives here are continuance of the development in the Spring Lake area. There has been a great deal done within the area but there are still significant areas that can continue to be developed. We should do as much as feasible to facilitate redevelopment projects including the new Court facility and the cinema project. We need to restructure Redevelopment, Economic Development and merging of the departments. The advancement of flood mitigation via the U. S. Army Corps of Engineers study will help advance us to an overall solution to Cache Creek flooding and the flood basin. The other initiative would be to expand the Redevelopment area. It may be feasible to expand the existing Redevelopment area or create another in the Northeastern industrial area portion of the City. The study to determine what do to here would cost about 150K.

## Quality of Life

The goal is to support the community's ability to provide an array of education, recreation and cultural events and programs for persons of all ages, abilities and interests. We operate facilities many citizens can utilize for their own purposes. Initiatives important to this goal are to work with the Library Board to seek public input to help determine the highest library services priorities. We need to normalize the Library hours, which has been implemented already. We also need to enhance our already extensive volunteer program at the Library and to work in collaboration with Senior Center, Inc. Lastly we need to find alternatives for placement of the Recreation Division.

The City is stretched due to work force reduction, loss of resources and major projects in progress. It is critical that all of the initiatives are carefully evaluated. The initiatives include major projects that would significantly change Woodland.

Some of what we are exploring will change Woodland significantly for a very long time. As an example, one of the recommendations includes regionalizing Fire service. If it appears to be good for Woodland, it should be implemented. Woodland has had a Fire Department since our inception in 1871. Regionalization would represent a very significant change and it is something we need to consider.

How we ultimately restructure ourselves to provide excellent services to our community is going to require much more creativity and will be a lot more challenging. He is looking for comments, suggestions, understanding and support for the direction the City undergoes.

Vice Mayor Davies thinks we should have another goal and continue to embrace the credibility of Woodland's fiscal operations by including the Measure V and Measure E expenditures through transparency with the electorate and our workforce organizations. On quality of life initiatives, he would like to see an ongoing initiative to coordinate the efforts of the Police Department, recreation, school efforts, and faith based organizations. In the initiatives, we need to work on financials with employee organizations regarding salary and benefits. Communication needs to continue. He did not see anything about focusing on the economic base by attracting new businesses.

Council Member Dote said that under public safety it was stated that City would need to develop a way to measure public perception on a regular basis and asked how that will be accomplished. City Manager Deven indicated it would be some form of survey. Perception is a challenging thing to measure. Council Member Dote suggested varying types of surveys in order to reach a wider variety of citizens. She asked for definition on infrastructure and Public Works

Director Meyer said it includes streets, pipes, water, etc. She asked about the 15% to 20% recommended reserves and whether it is feasible with our current financial status. City Manager Deven will present a scenario that is realistic within the next item. Not only is it realistic, but we have to find a way to make it happen.

Council Member Dote said the challenge is to find a way to implement the reductions so that they would generate permanent and sustainable savings. Additionally, there are strategies that aren't even listed in here. City Manager Deven believes that he has a responsibility to insure that our \$125 million for operating the City should have adequate reserves in all areas.

Council Member Monroe said that there is no quality of life if our citizens do not feel safe. The Library should be open more than 44 hours per week and is the best way of doing something nice for the community.

Mayor Pimentel suggested that Council Member Monroe meet with Library Services Director Heather Muller and members of the Library Board of Trustees to see if any of the ideas are feasible.

Council Member Marble likes the process of having goals and initiatives. Organizationally, how will you use this to make something happen?

City Manager Deven said most of the initiatives came from the Department Heads. They have made commitments to address these goals. These initiatives are incorporated into the Department Head Management Achievement Plans which is a contract between the Department Heads and the City Manager. They are also incorporated into the Performance Based Budget.

Council Member Marble wants to make sure we following-up with the process. We need to be diligent in working towards a flood solution. He suggested having flood control be under the auspices of public safety and be listed under infrastructure. It is hidden in Economic Development piece and it needs to be a much higher priority. Shared services is vital to providing adequate services.

Mayor Pimentel had a quick question with the issue of Safety. We're looking at modifying the School Resource Officer that goes to each of the schools and that position is going to be primarily focused on reactive enforcement. Is that position going to be used for other patrolling or other areas of the City? How is that going to work?

City Manager Deven said School Resource Officers had been reduced from two to one. We are working within a reactive mode as present. The optimal mode is to be proactive by contacting students and getting to know students thus building a rapport with everyone. With only one officer, we are not able to

be proactive but are in the reactive. With the necessary of having Police Officers only responding to school when there are problems, there are fewer Officers on the streets.

Mayor Pimentel pointed out the City cannot continue to lose 31% of our affordable homes to market rates. He agrees with the proposal to regionalize Fire Service and the establishment of a viable volunteer or reserve program.

Vice Mayor Davies said we had 2 School Resource Officers covering 14 schools and with one it will be very hard to make it proactive with the two high schools. From a community safety, the issue really needs to be a focus. One incident at either school can take one School Resource Officer out for 3 or 4 days.

City Manager Deven has not weighted the goals and sees them as equal.

Benjamin Garman serves as a Member on the Commission on Aging. Currently very pleased with the administration the way it is.

Mayor Pimentel said the Council has provided the City Manager with questions, suggestions and direction.

#### REVIEW REVISED GENERAL FUND TEN YEAR FINANCIAL PLAN

City Manager Deven said regarding the 10 Year Financial Plan, the challenge is that the quarter-cent sales tax measure will sunset in 2014. The City needs to develop financial strategies that will correct the current fiscal imbalance and bring the General Fund into long-term sustainability without the additional income. The extension of the original sales tax just became effective and we began collecting it on October 1, 2010. Measure V will generate about \$4 million over the period.

The current economic conditions dictate that recovery from the economic downturn will be slow and will continue for the next five to eight years. Additional sales tax could generate \$8.3 million over the next four years. The election results indicate with 55% vote in support of these measures, that the voters have an expectation of a level of service. To achieve this, the City must revise its fiscal priorities.

The process is to review the General Fund revenue and expenditure assumptions which resulted in an unbalanced 10 year plan. The revised assumptions provide the balanced 10 year plan. Our revenue assumptions show a modest property tax escalation reflective of some development in the Spring Lake area. Sales tax growth reflects inflationary increases until fiscal year 2017-18. Measure V ends in September of 2014 and all other recurring revenue is

stable and slow. Should these issues change, we will need to look at other options.

The original expenditure assumptions that had been part of the original unbalanced 10 year plan, involve personnel cost increases of between 5% and 6% annually based upon historical trends. Personnel costs are about 60% of our budget. We also need to consider inflationary increases in discretionary expenditures and the known contract and operating costs reflected in non-discretionary expenditures.

We looked at the assumptions again and discussed what we needed to do to balance the plan. In revising the employee compensation assumptions, the cost of living adjustments would be reduced compared to historical trends. Pension, health insurance and similar benefit costs would need to be shared. Other agencies are looking at these methods as well. Some of our employee units are already sharing the costs. We need to look at new ways of doing business and those methods will need to be developed.

The revised expenditures assumptions are that cost of living adjustments have been modified to maintain salary increases at between 1% and 3% through the 10 year period. Benefits reflect increases in early years followed by stability later. Cost sharing of benefits with the employees paying their share of benefit costs is one method. The benefit increases will be 8% in 2012 and 5.6% in 2013 and 2014. The cost sharing amount would be \$400,000. The employee cost would be that they would pick up the employee's share of PERS that the City currently pays for them. This would be phased in over a two year period.

The strategies to balance involve a document created by City Managers called the "Guiding Principles and Recommendations on Pension Reform" and reflects agencies and employees sharing costs and risks. The report maintains the commitment to defined benefits yet seeks to reduce costs. Cost sharing may generate reduced benefit structure for current and future employees. The other strategy is to look closely at the Yolo Shared Services Program which reflects the City and County Managers commitment to reduce costs and avoid duplication. Opportunities for shared services would be reviewed with stakeholders. As an example, all Cities and the University of California are reviewing regionalization of fire services. We already maintain some County services. We are also looking at sharing the County purchasing function.

Our future actions to accomplish many of the items mentioned are to meet with the Bargaining Units, meet with the employees, and implement the Fiscal Year 2010-11 initiatives. We need to continue discussion with all stakeholders. Council, the community members, the employees and the Boards and Commissions need to be flexible and consider these recommendations strongly.

Revenue related to development is his biggest concern. The single largest development project of late was the application from Standard Pacific to build 162 homes in the West end of Spring Lake. They worked hard with our staff to get that application through. Other applications, because of our uncertainty in the economy, did not come through. In terms of sales tax and property tax, he believes we are pretty much at the bottom. The issue for us is how we track moving forward.

Vice Mayor said he struggles with storm drain measure. There is no certainty that when we go back to the public for assistance, it may not be successful. We have an opportunity to be successful if we maintain our credibility with our voters. In 2018 we need to go back with an extension of Measure V including storm drain. The Library needs to become independent from the General Fund. It is crucial for the rest of the City employees and also for sustainability of the Library to continue with the sales tax.

Council Member Dote indicated that our Transient Occupancy Tax will be affected if the County proceeds with the development at Elkhorn. There will be some commercial development. There is to be a one-time transfer of City property for the Redevelopment Agency and the Court House project. She asked about some City property within the Kamilos project. City Manager Deven affirmed, but does not have a specific time table and did not it as an assumption.

Council Member Dote said under the guiding principles of pension reform there will be some specific changes implemented. Unless something changes soon in the jobs market, there are few jobs available. She also asked for clarification of the employee cost u CalPERS. Finance Officer McKinney said the percentage for miscellaneous employees it is 8% for and 13% for Public Safety. Council Member Dote asked when talking about eliminating the option of employees to purchase additional retirement credits what does it do to the Golden Handshake and is it still feasible. City Manager Deven said the program is offered by PERS to induce retirements to help an agency save money and not have to lay people off.

Council Member Dote said one of the things driving the benefit costs is the health benefits and asked if we considered self-insuring. City Manager Deven said that one of the issues we are fighting is that Yolo County is considered part of the bay area. We have some obligation to try to deal with that. If we were considered part of the Sacramento region that would reduce our benefits cost.

Council Member Marble said that OPEB sits out there and the City continues to have a \$54 million deficit showing in our financial statements. In this 10 year General Fund Plan, where does OPEB fit? City Manager Deven said the he doesn't show a specific strategy to deal with OPEB but could do so using the annual budget as a strategy. Council Member Marble said that the obligation

is so large if really should be clearly shown on a 10 year plan, as well as on the goals and priorities listed previously.

Council Member Marble said secondly, he is troubled at the defined benefit principal number and would prefer defined contribution program. Defined benefit programs notoriously do not allow Government entities to set an exact amount that needs to be contributed. Hence, the public sector has almost universally gone to a defined contribution program. In discussion with citizens in the community, there is an expectation that Government ought to be moving to what is being done in the private sector in relation to employee pensions. It appears that we do need to move into a 2-tier system.

City Manager Deven said that right now our general benefit for miscellaneous employees is 2.7% at 55 and our safety employees are at 3% at 50. The alternate plan would have our general employees at 2% at 60 and our safety at 2% at 50. That change would save significant future costs. Certainly we should implement it as a 2<sup>nd</sup> tier. Employees have an obligation to see to their own welfare in their retirement years. One of those options is to participate in one of the deferred compensation programs. We would be looking at trying to fix the cost of unfunded retiree medical liability. Vice Mayor Davies said the City has been wrestling with the \$54 million for a long time.

City Manager Deven said up to now, there is no strategy to deal with it. The strategy articulated many, many times is the sales of the surplus property with a particular developer which could generate nearly half to meet our obligation. First step is to get everyone committed to implementing the strategy. We are accounting for it in our annual financial reporting. As far as reflecting it on our 10 year financial plan that is something we ought to do. In terms of the impact on our bond rating it has not impacted our bond rating to this point. If we continue to not address this it will at some point in the future and that's something obviously we don't want to do.

## ADJOURN

At 8:00 p.m. Mayor Pimentel adjourned the Special Meeting of the Council.

Respectfully submitted,

SS: Ana B. Gonzalez  
City Clerk

Adopted by Council: February 7, 2012