

Woodland City Council Meeting
City Hall, Council Chambers
300 First Street
Woodland, California

MINUTES

CITY COUNCIL SPECIAL/STUDY SESSION MAY 13, 2008

5:00 P.M.

CALL TO ORDER

At 5:03 P.M. Vice Mayor Davies called the Special Meeting of the Council to order.

PLEDGE OF ALLEGIANCE

Vice Mayor Davies invited all in attendance to join in the Pledge of Allegiance to the Flag led by Council Member Monroe.

ROLL CALL

COUNCIL MEMBERS PRESENT: Marlin Davies, William Marble, Jeff Monroe, Artemio Pimentel

COUNCIL MEMBERS ABSENT: David Flory (arrived later in meeting)

STAFF MEMBERS PRESENT: Mark Deven, Barry Munowitch, Sue Vannucci, Greg Meyer, Dan Gentry, Carey Sullivan, Ann Siprelle, Joan Drayton, Jerry Gedatus, Doug Baxter, Bradley Von Striver, Rob Sanders, Kim McKinney, Rex Greenbaum, Sarena Brumfield, Tod Reddish, Lynn Gatie, Amber D'Amato, Kent Perkes, Mark Hierholzer, Stacey Brigham, Heidi Hopper, Tim Frank, Stephanie Frank, Scott Gessford, Susannah Reinhart, Mark Cocke, Dick Donnelly, Wendy Ross, Christine Engel, George Bierwirth, Bob MacNicholl, Debbie Fann, Linda Schaupp, Ana Gonzalez, Liz Houck, Marie Wickstrom, Evis Morales,



Ron Scott, Cathy Haynie, Eric Zane, Diana Puccetti, Manuel Soto

OTHERS PRESENT: Nick Ponticello, Consultant

COUNCIL/STAFF COMMENTS AND REQUESTS

Council Member Pimentel said there was a meeting of the Energy Task Force today comprised of Vice Mayor Davies and him, and they discussed a policy decision to come before the Council as a recommendation.

Vice Mayor Davies said he attended a neighborhood meeting at the Armory led by Doug Baxter. He said they discussed the new water tank.

CONSENT CALENDAR

ORDINANCE-COST RECOVERY FOR NUISANCE ABATEMENT ACTIONS

On a motion by Council Member Pimentel, seconded by Council Member Monroe and carried by the Members present, Council introduced, waived first reading and read by title only an Ordinance amending Article III of Chapter 14A of the Woodland Municipal Code relating to Public Nuisance Abatement.

REPORTS OF THE CITY MANAGER

REVIEW-FISCAL YEAR 2008-09 PROPOSED OPERATING BUDGET AND TEN YEAR FINANCIAL PLAN

Vice Mayor Davies said Council will be discussing the Budget and the upcoming fiscal plan including the ten year financial plan. Council will be discussing options to close the \$6.1 million gap in the budget.

City Manager Deven said staff will be making a presentation on information submitted to Council on December 11, 2007. At that time Council received information on the Guiding Principles to be utilized as the fiscal year 2008-09 Budget and the Ten Year Plan were developed. Council approved the following Guiding Principles:

- Minimum impact on public services
- Minimum impacts on employees



- Maintain \$2 million reduction per Mid-Year Budget Adjustments
- Provide proposals for an additional \$2 million reduction
- Present an operating and capital budget that is balanced over 10 years
- Include resources required to maintain all capital improvements
- Maintain essential services and facilities
- Commit to future implementation of a Performance Based Budget
- Foster Economic Development

Council feels employees are the City's number one asset to provide the resources for City programs and services, maintain City buildings, safety and facilities. Council wanted to develop the FY 2008-09 Budget based on the mid-year budget adjustments. On December 4, 2007 Council approved mid-year adjustments reducing the operating budget by \$2.7 million and the capital budget by about \$12 million in response to the significant impact of the regional economy. When the FY 2008-09 Budget was being prepared, staff discovered the impact of the regional economy was more significant than anticipated. The City had reduced \$2 million from the mid-year budget and instructed departments to list priorities for another \$2 million of reductions, which was found to be inadequate.

Finance Director Drayton gave an overview of the City-wide budget, the issues dealt with and the circumstances staff had to face. She then reviewed the P & L City-wide Working Capital statement, including the cash balances beginning FY 2009, projected revenues, operating expenditures, capital budget proposals, net income/losses, and the estimated fund balances. As of June 30, 2008 the City anticipates having about \$65.6 million of available cash on a City-wide basis. The estimated revenues for 2009 are \$123.7 million, operating appropriations at \$98.8 million, and a Capital Budget at \$24 million. The City will be adding \$687,000 to reserve fund balances at the end of Fiscal Year 2009. Several funds reflect deficit fund balances, and with the exception of the storm drain in Dubach Park, enterprise funds the deficits represent a timing difference between the implementation and expenditure of funds on capital projects versus the timing of receipt of revenues needed to pay for those funds. The money used for these projects was borrowed from the City treasury and will be paid back with respect to development funds as they are collected in the future. Per Council's direction the proposed budget does show some progress in paying off some of the internal loans, and staff kept that policy direction in mind as we moved forward in putting together proposed appropriations. Police development, fire development, road development



and sewer development have significant deficit fund balances on borrowing from the Treasury. The balances from 2008 to 2009 do show a reduction. The appropriations include a loan repayment as well as minimization of expenditures to build up some reserves to start paying back and reducing the deficits.

Council Member Marble asked when the capital project deficits will be paid off.

Director Drayton said the paybacks vary depending on what the fund is and the level of expenditures. The payoffs will be looked at on an annual basis and adjusted accordingly. Staff can bring that information back to Council on June 10. The amortization schedules vary from 5 years to 20 years. The General Fund is reflecting a balanced budget with revenues at \$43.4 million and proposed appropriations of \$43.4 million. The reserve fund balances are \$6.4 million. She said the \$6.5 million deficit can be attributable to different things. First, FY 2008 started with an \$800,000 structural imbalance which was covered with savings that was planned for in the 2007 Budget. Second the City lost about \$1.2 million in property and sales taxes as a result of the economy. Third, the City lost about \$2.5 million in development fee revenue. Fourth, there was about a \$2 million increase in personnel costs attributable to provisions in the negotiated Memoranda of Understanding. The proposed solutions for attaining a balanced budget required significant interdepartmental team effort and includes revenue reductions and reallocation of costs to non-general fund funds, revenue enhancements and the use of one time funds.

City Manager Deven said initially he asked the departments to come up with \$2 million in reductions, but as staff analyzed the economic impacts staff had to seek additional reductions. In Administration, City Manager's office and City Clerk's Office have had a significant reduction in mid-year but administration put together another \$20,949 in reductions. Community Development reduced staff and contract services to achieve \$164,808 in reductions. The Finance Department reduced their expenditures by \$46,921. Parks and Recreation Department did some reorganization and restructuring which resulted in a reduction of \$60,409. The Police Department made cuts which would have a minimum impact on public services, including a reduction of animal control services (\$374,000), elimination of the DARE program (\$118,046), elimination of all non POST training (\$33,990), elimination of Police Records Specialist tracking alarm calls (\$43,951) and miscellaneous reductions (\$42,177) for a total of \$612,164.



Vice Mayor Davies asked if employees are "Y" rated when they are asked to do different jobs. City Manager Deven said any situation which involves the transfer of an employee to another job will be accomplished without any loss of seniority or compensation. The Fire Department identified \$337,632 in cuts primarily through staff reorganization. The Library made \$39,199 in reductions through the elimination of a temporary Library Page and supplies/materials. Public Works cut \$105,267 in supplies and materials. Full utilization of Proposition 172 covered \$278,311 of General Fund costs for public safety which was an enhancement. There was a duplication of Grounds Maintenance costs so there was a \$36,496 reduction to the General Fund. There was an additional allocation of indirect costs, and \$509,593 was allocated to Non-General Fund programs, including the Water and Sewer Enterprise Funds and development funds for administrative costs in Public Works. There was a General Fund subsidy in the amount of \$63,277 to the CDBG program for FY 2009, and \$10,000 was added as a contribution to the Yolo Wayfarer Center's homeless program. The subtotal of proposed reductions to the General Fund was \$2,033,435. He then gave an overview of additional expenditure reductions: a \$331,043 reduction to the Storm Water Program scaling the program back to the legal minimum; \$22,984 with the elimination of the position of Finance Director and \$137,905 in subsequent years; a transfer of two Engineering positions to Non-General Fund sources saving \$157,815; an additional reduction of \$107,669 through the Firefighters agreement to provide services at Fire Stations; a savings of \$122,349 by engaging a private source to mow all turf in Public Works (streets and utilities divisions); and elimination of Yolano Housing Maintenance and Recreation saving \$113,541 in current costs to maintain the Authority facilities and saving \$97,814 by eliminating the recreation program provided at the Housing Authority.

City Manager Deven said the subtotal of the initial reductions and the additional reductions totals about \$3.3 million. The reduction was significant without having major impact on the City's service level. Staff looked at some additional revenue increases, an increase in business license fees to generate an additional \$203,519, an increase in building permit users fees which will generate \$214,666 in revenue, charging a portion of the General Fund services to the Water and Sewer Enterprise Funds to compensate for the cost of general government services and increase the original property tax estimate by \$10,366 and sales tax estimate by \$76,724 based on analysis of FY 2008 trends. The subtotal of recurring revenue enhancements is \$1,376,420. He said to further close the gap is the proposed use of one-time revenue, specifically the transfer of Dubach Park site to the Storm Water Program for additional available funds in the amount of \$675,000, utilization of accumulated savings in Proposition



172 funds totaling \$101,270 for public safety costs, providing \$90,500 in accumulated General Fund savings for Capital Projects, recalculation of insurance contributions to reallocate \$101,804 in General Fund contributions to the insurance Internal Service Fund for insurance costs, application of accumulated reserves of \$295,479 to meet the shortfall, and deferment of \$508,704 in charges to the General Fund for vehicle and equipment replacements in FY 2009. The one-time revenues total \$1,781,757, and all expenditure reductions and revenue enhancements total \$6,599,022 closing the \$6.5 million gap.

Council Member Marble asked if staff had pursued employee suggestions and citizen suggestions to arrive at the recommended cuts. City Manager Deven said given the time frame, a few months, and the magnitude of the problem there was not a structured process for taking a wide sample of employee views. Staff will consider employee comments going into the next fiscal year. Director Drayton said each of the department directors during their discussions with management staff developed some ideas.

Council Member Marble said the City has a half percent sales tax, and asked what is legally permissible to ask for a vote for sales tax increases. Director Drayton said there is no limit on what a City can ask the voters to approve in terms of sales tax. City Attorney Siprelle said there needs to be a four-fifths vote of the Council to propose an Ordinance amendment for a sales tax increase, and then voter approval takes a simple majority vote.

City Manager Deven said staff reviewed additional options for expenditure reductions and considering the impacts on services and employees, felt the options were not very good. They also looked at other revenue enhancements and felt the increase in the Transient Occupancy Tax (TOT) rate by 2% and the reintroduction of the Storm Drain Fee increase had some merit. The 9-1-1 fees were struck down by Courts in the Bay Area so that Union City cannot impose their proposed 9-1-1 fees.

Vice Mayor Davies said the proposed TOT increase would raise about \$200,000 and would bring the City's rate up to similar TOT rates in our region. Council needs to reintroduce the Storm Drain Fee Increase Initiative.

Council Member Monroe is uncomfortable about losing the DARE program as it provides children the tools necessary to resist getting involved in gangs, drugs or violent activity.



Mayor Flory arrived at the meeting.

Mayor Flory said he spoke with City Manager Deven about having a Community Service Officer to be trained to assume the program, allowing a sworn Officer back on the street.

City Manager Deven will work with the Police Department and report back to Council on June 10 with some options for the Council to consider to keep the DARE program alive.

Council Member Marble asked staff to describe what a General Fund subsidy is for the CDBG deficit. City Manager Deven said the General Fund subsidy of the CDBG program is the cost required to adequately administer the CDBG program, meet all of the Federal requirements for reporting and administering the process for the various programs. Council Member Marble asked if the Council had taken previous action to make sure administration of the CDBG would not come from the General Fund and would be borne by the program itself. City Manager Deven affirmed that Council did take such action and this subsidy is in addition to that. Administration costs were increased to the 20% allowable, and there is an additional \$63,000 required to manage the program at the level of staffing required to comply with all of the reporting requirements. Assistant City Manager Munowitch said 20% does not cover all costs. The City is getting \$500,000 to \$600,000 in annual Federal entitlement, and this year's program is closer to \$1 million because the City is expending past funds which have been underutilized. Staff presented that breakdown at the April 15 Council meeting. Should the City decide to discontinue the program, there are still several years of maintenance.

Vice Mayor Davies said the City had dollars within the CDBG grant that could not be spent on any other program, only on administrative costs. By reducing the administrative costs to 15% those dollars went back to the Federal government.

Council Member Pimentel said administrative costs were reduced from 20% to 15%. After it was discovered that administrative costs were eating at the General Fund, Council changed administrative costs back to 20%. He is concerned about the DARE program, and would prefer the program be run by a Police Officer. The elimination of the Yolano Housing maintenance and recreation program is also a concern. The Yolano Housing Authority owns the facility which is not in good shape. It was hoped the Community/Senior Center or some other facility could be used. The City could dip into its reserves for some of the cuts. City Manager Deven said the City is dipping into one-time reserves. These special



reserves have been built up over time through excellent financial management by the Council and his predecessors. He said these reserve funds are for insurance and other kinds of special areas, but the City is not touching its General Fund balance.

Council Member Marble said \$1.7 million is a huge dip into reserves, and the City will not have access to the reserves again.

Council Member Monroe asked if the General Fund Reserve of \$6 million will be touched. City Manager Deven said the City will be using its one-time reserve account separate from the General Fund reserve balance.

Council Member Pimentel said the City has not gone into the General Fund reserves. He has serious concerns in terms of cuts in service.

Council Member Marble said page 6 of the staff report discusses \$500,000 coming from Water and Sewer Enterprise and Development Funds for administrative costs in the Public Works Department. Page 7 discusses another \$870,000 coming out of Enterprise Funds, and he asked for justification.

City Manager Deven said the items on additional allocation of indirect costs are those which are generally borne by the General Fund. Based upon the City's cost allocation, they should be allocated to other funds. The City's Enterprise and Development Funds receive services from the Finance Department in terms of payroll, purchasing, and accounting and from legal services. The General City Service Charge is something not implemented before, but it has been in nearby cities. Enterprise Funds should be paying their fair share of General City Government services, such as police, fire and roads.

Vice Mayor Davies had spoken with City Manager Deven regarding the Yolo Housing Authority maintenance and recreation programs and concurs that \$113,000 for maintenance is too high. The City should keep the Authority program for the children at the Housing Authority site, but move the boxing and Folklorico to other locations, such as the Community/Senior Center. Reduction of summer programs at other parks in favor of the program at the Housing Authority would be his choice. He would like to see a schedule of the proposed increased fees for business licenses and building permits and has concerns about the one-time revenues. The City will be talking about the same things next year.



Council Member Marble said staff has accomplished a herculean task to come up with \$6.5 million in reductions. Council should not be earmarking certain pet projects.

City Manager Deven said we have a fully funded and balanced Ten Year Plan in the General Fund, the Water Enterprise funds, combined transportation funds and the Redevelopment Agency funds.

Council Member Pimentel left the Council meeting at 6:06 p.m. and returned at 6:06 p.m.

Lucinda Talkington deferred her comments.

Veronica Koebel said many seniors have been participating in activities at the Senior Center and back by becoming volunteers. She asked Council not to cut the strength of this resource at the Senior Center.

Stan Morehead voiced support for activities and the Senior Center.

Ron Scott, Board Member of the Woodland City Employees' Association (WCEA), expressed support for the City Manager's proposed budget as presented without any of the options in expenditure reductions listed in the staff report. He said the WCEA supports the DARE program, recreation and training and urges approval of other employee positions which have been frozen.

Dave Taormino, representing the Spring Lake Specific Plan land owners, has been meeting with the City Manager since he arrived in Woodland. Approximately \$2 million of the City's deficit comes from the lack of development. Woodland has only 1/3 of the projected development it has had for the last couple of years. If progress is not made soon, next year will be worse for Spring Lake and the City. There are about \$500,000 of administrative charges attributable to Spring Lake going to the General Fund. Progress needs to be made to justify those charges. Spring Lake is one of the revenue enhancements the City has. In 2003 Council had Spring Lake as feasible and the overall fee burden at that time was \$42,000. Five years later, the fees are \$90,000 per house. Housing prices spiked and now the home prices are much lower but the fees remain high. He asked Council to reconstitute the subcommittee to help developers get the fees to match up.

City Manager Deven said Council has given clear direction, and staff will report back to Council on June 10 for clarification.



Council took a recess from 6:16 p.m. until 6:22 p.m.

REVIEW-FISCAL YEARS 2009 THROUGH 2011 PROPOSED CAPITAL BUDGET AND TEN YEAR CAPITAL IMPROVEMENT PLAN

City Manager Deven said staff is aggressively pursuing fund integrity of the Fiscal Years 2009 through 2011 Capital Budget and the 10 Year Capital Improvement Plan (CIP). There are no projects in the 10 Year Plan that do not include maintenance and operations expenses.

Director Drayton described the process used in developing the 10 Year CIP Plan. Per Council guidance, staff identified the operational impacts for facilities being proposed in the CIP. The Capital Projects Committee (CPC) reviewed each of the projects submitted and evaluated them then met with Department Directors to discuss the merits of the projects. Specific criteria were used to prioritize the projects given the limited amount of resources. The final recommendation was made by the CPC to the City Manager. Council can review the recommendations and contact staff before the June 10 adoption of the budget. The assumptions made in the 10 Year CIP Plan are based on current economic conditions, and staff is recommending a three year Capital Budget.

Director Drayton said the City hired a consultant; a data base is being developed and will be available for the June 10 Council meeting.

MEASURE E SPENDING PLAN UPDATE

City Manager Deven gave Council an update on the Measure E Spending Plan. The major issue is the impact on the economy and how it affects Measure E. Projections have been revised to reflect the economy.

Director Drayton said when staff presented the mid-year budget in December Council had directed an update the 12 Year Spending Plan. The Measure E Spending Plan does not correspond with the 10 year CIP which is a ten year implementation of projects. Staff is assuming a slow to flat economy over the next couple of years. There was a \$6.6 million shortfall from the original projection of Measure E, and was not allocated on a proportionate reduction to each project. The road rehabilitation budget remained at \$30,200,000 and the differential was allocated to all of the other projects. One project is the City Hall expansion. Due to limited General Fund resources, the City has not taken care of the City facilities. There is a significant amount of deferred maintenance. Staff is proposing



\$200,000 per year be allocated for the City Hall expansion to be used on facility repairs. This amount is included in the 10 Year CIP. The revised budget for the Woodland Opera House (WHO) expansion totaled \$2.4 million. The Opera House Board felt the project was not feasible given this reduced level of funding, and would like Council to consider increasing the funding. The preliminary design of the WOH expansion has been completed.

Director Drayton said another issue is the Library expansion. The Measure E Budget for the Library expansion project is not consistent with the budget in the Major Projects Financing Plan document and Staff is not suggesting a change to the Library expansion project, but is asking Council to consider the excess amount of Measure E money (approximately \$3 million) that was earmarked for this project.

Council Member Marble said the budget is down \$6 million, but circumstances could alter that again in a year or two. Should the City make decisions to reallocate funds, the City will have no ability to address the City revenue stream again.

Council Member Pimentel said the City should keep its promise to the community in terms of the projects that the voters wanted under Measure E, but the projects need to be prioritized.

Council Member Monroe said the Opera House project is ready to go, and he would like to see that happen.

Vice Mayor Davies said the Opera House project should move. The City should proceed with the Library project when the City gets more information on the funding.

City Manager Deven said staff is proposing to take some funding from the Library as the project is included in the MPFP schedule for development impact fees. Council could elect to reduce slightly one of the other allocations.

Vice Mayor Davies, Council Member Monroe and Mayor Flory gave

City Manager Deven said staff will return with a recommended action on the loan guarantee for WOH based on the direction Council provided.

Council Member Marble said there was a question about some of the repairs needed at City Hall being included in some of the Measure E funds



and he is supportive of proceeding with those repairs. Vice Mayor Davies does not want to go beyond Measure E projects.

Mayor Flory said the City Hall expansion is years away from happening. The City should take that money and invest it in the Opera House Project.

City Manager Deven said staff will come back with options to advance the Opera House project and recommendations on the reallocation of the other Measure E projects.

Vice Mayor Davies said the City combined Measure E funds with development funds on all of the City's major projects. A portion of the development fees are earmarked for the Library. If there is enough in development fees for the Library project, there is less funding needed from Measure E. He said the Library project will be funded.

Jeff Keane said due to the Opera House's operating calendar summer is the only time the ADA bathroom upgrades can take place without severely disrupting the Opera House operations. The Opera House is ready to move ahead with the first phase of the construction which is the bathroom retrofit, to be done in the month of July. The cost of the upgrade is approximately \$300,000. The first phase includes the ADA bathroom upgrades and the elevator ADA compliance. This portion will be ready for bidding in midsummer. City Manager Deven said staff will report on the Opera House project at the May 20 meeting.

ADJOURNMENT

At 6:58 p.m., Mayor Flory adjourned the special meeting of the Council.

Respectfully submitted,

Sue Vannucci
Director of Administrative Services

Transcribed by: Jean Kristensen, Deputy City Clerk

Approved by Council: October 6, 2009