

MINUTES OF A SPECIAL MEETING OF THE MADERA CITY COUNCIL CITY OF MADERA, CALIFORNIA

**June 27, 2016
6:00 p.m.**

**Council Chambers
City Hall**

CALL TO ORDER

The special meeting for 06/27/16 was called to order by Mayor Poythress at 6:00 p.m.

ROLL CALL:

Present: Mayor Robert L. Poythress
Mayor Pro Tem Charles F. Rigby
Council Member Andrew J. Medellin
Council Member Donald E. Holley
Council Member Derek O. Robinson Sr.
Council Member William Oliver

Others present were City Administrator David Tooley, City Attorney Brent Richardson, City Clerk Sonia Alvarez, City Engineer Keith Helmuth, Director of Human Resources Wendy Silva, Planning Manager Chris Boyle, Director of Financial Services Tim Przybyla, Director of Parks and Community Services Mary Anne Seay, Public Works Operations Director David Randall, Director of Community Development David Merchen, Grants Administrator Ivette Iraheta, Chief Building Official Steve Woodworth, Battalion Chief Jim Forga, Chief of Police Steve Frazier, Fleet Operations Manager Randy Collin, Neighborhood Preservation Supervisor Viola Rodriguez, Business Manager Mark Etheridge, Financial Services Manager Patricia Barboza and Deputy City Clerk Zelda León.

PUBLIC COMMENT:

The first fifteen minutes of the meeting are reserved for members of the public to address the Council on items which are within the subject matter jurisdiction of the Council. Speakers shall be limited to three minutes. Speakers will be asked to identify themselves and state the subject of their comment. If the subject is an item on the Agenda, the Mayor has the option of asking the speaker to hold the comment until that item is called. Comments on items listed as a Public Hearing on the Agenda should be held until the hearing is opened. The Council is prohibited by law from taking any action on matters discussed that are not on the Agenda, and no adverse conclusions should be drawn if the Council does not respond to public comment at this time.

Council Member Holley stated he would just like to make a comment. He stated that to all who knew he had a tragedy last weekend, he just wanted to thank them for their prayers. It didn't turn out as well as it was and also to the Police Department, he thanked the officers for the help and the concern that they showed his family.

Mayor Poythress closed public comment.

Mayor Poythress announced that the speaker system is still not operating so they shall speak up a bit. If it seems like someone is shouting or being shouted at, it's really not, it's just so everybody can hear.

AGENDA ITEMS

1. Budget Workshop FY 2016/2017 (Report by David Tooley and Tim Przybyla)

Mayor Poythress asked David Tooley or Tim Przybyla to open the item. David Tooley, City Administrator stated that Mr. Przybyla would make the lead presentation.

Tim Przybyla, Director of Financial Services stated that it was nice to be in the workshop environment; it just seems more relaxed for some reason. Mr. Przybyla stated if he shouldn't be relaxed, he is going to pretend like he should be anyway.

Mr. Przybyla stated they would start with the General Fund summary first [A PowerPoint presentation was used throughout the workshop]. Mr. Przybyla stated as discussed in the last presentation to City Council, there's been an increase in personnel cost; maintenance and operational costs are down 10%; capital outlay is also down a percentage; 63%. Mr. Przybyla stated that the City has a General Fund projected deficit of \$1.4 million with roughly \$32 million in revenues and \$33.4 million in expenditures at this point.

Mr. Przybyla stated the adopted FY 15/16 budget included a budget deficit of approximately \$1 million when it was approved by Council last year. Mr. Przybyla stated now, staff hope to finish out this fiscal year with a \$350,000 surplus in Fund 10200 which is the primary General Fund, however a recent settlement against the Code Enforcement Fund will offset that FY 15/16 surplus that comes out of Fund 10200 and the remaining FY 15/16 surplus reflects the \$1.4 million build-up in the Insurance Reserve for pending adjustments which is offset somewhat by the \$700,000 CDBG (Community Development Block Grant) project.

Mr. Przybyla stated that with the \$1.4 million deficit, the City should end FY 16/17 with about the same fund balance as FY 14/15. This is to be accomplished by underspending budget plus some use of this year's General Fund surplus. Mr. Przybyla referred to a summary of what he'd just discussed and directed Council to the bottom right of the presentation slide which showed a \$1.4 million is what staff is projecting for the deficit in Fund 10200 which includes all of these departments as listed; City Council through Grants. Mr. Przybyla stated this year, staff is looking at the \$350,000 surplus. Next year, they are looking at the \$1.1 million deficit.

Mr. Przybyla referred to the second page of the summary which projected the total surplus this year of \$625,000 with next year's deficit at \$1.4 million. Mr. Przybyla stated that the numbers have changed a little bit even since he sent out the report to Council but not significantly. He just wanted to give the most current numbers to Council this evening for Council's review.

Mr. Przybyla referred to the planned use of fund balance. The General Fund is looking at the \$1.1 million. Code Enforcement of \$277,000 deficit and the Insurance Reserve Fund of \$32,000 deficit which will draw-down a little bit on that reserve that staff has put in there during the current fiscal year with the \$1.4 million total.

Mr. Przybyla stated this represents a 4.2% percentage of the General Fund budget and a 3% cost savings would generate approximately \$1 million in savings which would leave about \$400,000 of deficit which would be basically off-set by the "600,000 and some-odd dollar" surplus from the current year.

Mr. Przybyla asked Council if it was all making sense so far.

Mr. Przybyla referred Council to a nice, colorful rendition of the General Fund expenses. Mr. Przybyla stated some points to consider regarding the General Fund this year: the City still has the tax sharing agreement in the works; the City has a \$700,000 increase in PERS and health cost; limited new positions are in this budget; capital outlay is virtually eliminated except for the CDBG Fund which is funded by Grant funds anyway not tax revenues; sales tax revenues are projected down \$400,000; the COPS Grant of \$150,000 has not been included but staff is hopeful to receive that; property taxes are projected to increase

by 3.5%; there's a potential VLF appeal windfall of \$360,000; \$800,000 of CFD, Community Facilities District transfer-in is included in the budget and the Fleet Replacement funding held back approximately \$240,000. Mr. Przybyla stated that [amount], he believes, can be updated somewhat. Mr. Przybyla mentioned Randy Collin, Fleet Operations Manager was in the audience. Mr. Przybyla stated he thinks there was one car that was included, that really needed to be replaced, so there's going to be a little less than the \$240,000 savings there but those numbers are already included in the budget figures.

Mayor Poythress asked Mr. Przybyla if the potential VLF windfall was not included in the budget.

Mr. Przybyla responded that it is not included in the budget either. He stated staff is hoping for all the windfall the City can get.

Council Member Medellin asked Mr. Przybyla to give him the dollar amount of the 3.5% property tax. Council Member Medellin stated that it says projected increase about 3.5%.

Mr. Przybyla stated yes, after the meeting or maybe, even between presentations he could grab those numbers. Mr. Przybyla stated he would be able to pull it up but not while the slideshow is open.

Council Member Medellin stated no problem.

Mr. Przybyla stated the CDBG is another issue that staff is dealing with and the question is will a typical 3% cost under-run still be possible in the coming fiscal year. Mr. Przybyla stated staff does not know; there are a lot of unknowns but basically the budget is staff's best guess at this point with the information they have and he thinks staff put together a pretty darn good budget.

Mr. Przybyla stated that at this time, the departments with General Fund budgets will briefly and he emphasized briefly, discuss their respective budgets with Council at this time and after those budgets have been presented, staff will summarize all other budgets and the departments will cover those budgets in even less detail than the General Fund budgets.

Mr. Przybyla stated he would toggle back to the Budget Workshop and start with the City Administrator's Office. Mr. Przybyla announced David Tooley, City Administrator.

Mr. Przybyla stated that the City Clerk is reminding him that even though they can't hear these microphones working, they are still being used to record this meeting, so they ask that each department speak into a microphone.

David Tooley, City Administrator stated that as reflected in both the Interfund charges which is their indirect cost allocation and the salary schedule, Council should note that they have an additional employee in his activity. Mr. Tooley stated that employee is the Communications Specialist. Mr. Tooley stated the Council knows Joseph [Carrello] very well. Mr. Tooley stated they captured only a portion of his increase in the FY 15/16 year budget; that's why Council sees a rather significant increase between the estimate and proposed [information] in the City Administrator's budget. Mr. Tooley stated what is not included in his budget is the additional position for the Communications Manager. Council approved that position as well at the Mid-Year Budget but he chose not to fill it because he had a vague anticipation they would have some financial issues in front of them.

Mr. Tooley stated it is an important position. The position would have been responsible for the City's website, for all of the City's social media activities and for basically telling the story. Mr. Tooley stated that his "aha" moment was at the Mayor's presentation of the State of the City. The Mayor had several speakers get up in front of the audience and they made PowerPoint presentations and they droned on and the Mayor made a video presentation and every eye in the room was glued on the screen. Mr. Tooley stated it demonstrates to him and it should demonstrate to them that the way people consume information and the way that they have to provide information is going to have to change over time. Mr. Tooley stated that as important as this position is, there are other positions in the budget that they as a management team felt

were more important and as a result they did not include it [Communication Manager] in the budget. It represents about \$154,000 impact.

Mr. Tooley stated that completes his discussion about his particular department and asked if there were questions he may answer from the Council.

Mayor Pro Tem Rigby asked if this completely removed Joseph [Carrello] from Parks & Recreation.

Mr. Tooley stated it does. Mr. Tooley stated the reporting relation will be with him [Mr. Tooley].

Mayor Pro Tem Rigby asked if this meant they were replacing Mr. Carrello at Parks & Recreation; his position.

Mr. Tooley stated he would yield the microphone to the Parks & Recreation Director.

Mary Anne Seay, Director of Parks and Community Services addressed the Mayor and Council and stated she wasn't expecting that question. Ms. Seay stated the position is in the FTE schedule but there are no dollars associated with it so her assumption, that she has failed to double-check on, is that when the position shifted over to the Administrator's Office so did the dollars. Ms. Seay stated she will do some double-checking and make sure he gets the answer to that in writing.

Mr. Tooley stated he will double-check with Mary Anne but he believes that is the correct response.

Mayor Pro Tem Rigby stated that sounds right and thanked them.

Mr. Tooley stated if there were no further questions, they would move forward to Activity 108 which is Central Administration.

Mr. Tooley stated the greatest changes to these activities are reflected in the transfers-out. Last year they made a fairly significant transfer-out to the Insurance Reserve Fund. The Insurance Reserve Fund is a component of the General Fund as Council will find in their financial statements but for internal accounting purposes, staff treats the Insurance Reserve Fund as a separate stand-alone activity. Mr. Tooley stated last year, staff made a significant transfer-out, obviously they did not this year.

Mr. Tooley stated in addition, staff has traditionally carried about \$90,000 for an OPEB (Other Post-Employment Benefits) obligation. Staff anticipates, every year, that they will have to make that allocation for the financial statements. Staff had determined it is not necessary this year; may not be necessary in future years so at this point staff is not carrying that additional \$90,000+. Mr. Tooley stated he believes those are the significant changes in Central Administration and asked what questions he might answer for the Council.

Mr. Tooley stated that the last activity that nominally under the direct control of the City Administrator is Community Promotions, Activity 405. Mr. Tooley stated that in all material respects it is the same. Mr. Tooley stated that Council will note that staff allocated \$100,000 last year for a study to be done by the [Madera County] Arts Council; that discussion is on-going. Mr. Tooley stated that Council Member Robinson sits in on those meetings. Mr. Tooley stated the recommended deal points are going to change but he is waiting to see if that vote gets through both the MUSD Board and the Board of Supervisors before bringing it back for Council's consideration. Mr. Tooley stated at this point that \$100,000 remains as an allocation from the current year's budget. Mr. Tooley asked if there were questions he could answer for the Council.

Mr. Tooley thanked the Council. The Council thanked Mr. Tooley.

Mr. Tooley stated that it looked like the City Clerk's Office was up.

Sonia Alvarez, City Clerk stated they would start with the City Council budget. Ms. Alvarez stated there were no significant changes other than the normal Section 125 benefit allowance, where depending on health insurance coverage selected by Council Members, that figure can change.

Ms. Alvarez stated other than that, there are some minor adjustments in the Maintenance & Operations budgets. Ms. Alvarez stated if there were any questions, she would do her best to answer.

Council thanked Ms. Alvarez.

Ms. Alvarez stated they would move on to the City Clerk Department budget. Ms. Alvarez stated they are a department of two. They are not requesting any additional positions at this time. Ms. Alvarez stated the salary adjustments are those that Mr. Przybyla alluded to within the report; they relate to changes in the MOUs and employment agreement for the City Clerk from last year.

Ms. Alvarez stated the one significant increase is this is an election year so they have allocated some funds for the November election. There are going to be four Council seats on there and a potential public safety tax measure. Ms. Alvarez stated that concludes her presentation.

Mr. Przybyla stated that next up is the City Attorney's Office.

Brent Richardson, City Attorney stated that honoring Mr. Przybyla's request, he will keep it really brief. Mr. Richardson stated he has actually less going on than either the City Administrator or City Clerk. Mr. Richardson stated his staff remains essentially unchanged and will for the time being and essentially they haven't really changed anything from an operational standpoint. Mr. Richardson stated they haven't made any changes in research materials or anything like that, that usually comprises all of their expenses so basically it is status quo from last year.

Mr. Przybyla stated that leads into Finance; his favorite department.

Mr. Przybyla stated they have an overall decrease in their budget from last year's budget from 0.5% so that in itself should tell Council that their budget remains well the same. Mr. Przybyla stated there was a decrease from Software costs which is mostly related to the ERP [Enterprise Resource Planning] conversion and included some hardware costs in the conversion for this year but next year it's just the Department's share of the cost for the ERP lease payments. Mr. Przybyla stated at this point there will have been some adjustments made to the IT (Information Technology) budget to help pay the additional cost for the maintenance of the Tyler Munis software program.

Mr. Przybyla stated this is the interesting item for him; this is the Utility Billing and they've really cut that one; they've gone all the way to zero on that so they just saved the City \$1.3 million - \$1.4 million. Mr. Przybyla stated that was a past due budget where the General Fund would charge that out to the Utilities so it's just changing hands of the dollars. Mr. Przybyla stated that now they will do it directly and when staff goes through the non-General Fund portion of the budget, he will show Council how staff has broken those budgets out; they are being charged 50% to Water; 25% to Sewer and 25% to Solid Waste.

Mr. Przybyla stated Purchasing has also remained relatively stable with a slight increase of 11% and it seems to be in both in M&O [Maintenance & Operations] and payroll costs but just slight increases related to compensation and benefits. Mr. Przybyla stated Council could see line items there; all very small. Mr. Przybyla stated Computer Maintenance charges; they really don't have any control over and that's the one thing that really increased other than salaries during the current fiscal year.

Mr. Przybyla stated that in answer to Council Member Medellin's question, it's about \$113,000 - \$114,000 increase for the 3.5% property tax.

Council Member Medellin thanked Mr. Przybyla.

Mr. Przybyla replied, "You're very welcome."

Mr. Przybyla stated that this leads them on to HR/Risk Management, Wendy Silva.

Wendy Silva, Director of Human Resources stated that what the Council sees in the HR budget which is the 107 Department is mostly shuffling around of funds into line items where they spent it. Ms. Silva stated the last year they've seen a little bit more than a doubling of the number of Civil Service recruitments that they do. She stated they've seen about a 50% increase in the number of new hires that they need to get through the background process and some increases on the claims side as well. Ms. Silva stated basically they're trying to take their dollars and stick them into the other accounts to do the workload that they have with, for the most part, the money that they've had. Ms. Silva asked if there were any questions on that budget.

Ms. Silva stated that the next one down, 133 is some line items that are charged directly to the Insurance Reserve Fund. Mostly this is legal fees for employment related matters; the City contracts with Liebert Cassidy Whitmore. Ms. Silva stated they generally budget \$100,000; some years they may spend a tenth of that; some years they'll spend every penny plus. Ms. Silva stated it really depends on the type of disciplinary actions that come and that is something that she has not yet gotten perfected as far as predicting; different people appeal different things; everyone has a different perspective.

Ms. Silva stated that is also the budget where the Council will see the monies for the retrospective adjustments. Ms. Silva stated that David [Tooley] references those usually every time he talks to Council about the budget. Those big looming retrospective adjustments. Ms. Silva stated this year it's not too bad; the City is looking at somewhere between probably \$85,000 and \$100,000 that the City is going to owe on the Workers' Comp side but they are also looking at about maybe a \$45,000 to \$50,000 refund on the liability side so then that's not too bad.

Ms. Silva stated that it's the future years where the City is looking at some big increases. Ms. Silva stated next year right now is looking at just under \$700,000 and the year after that is just over \$700,000. Ms. Silva stated going into the future, they hope to fix that and she always says that; she says they've taken action but she never tells the Council what that action is.

Ms. Silva stated that action is, they've dropped the discount rate to 1.75 when they are calculating premiums for the next year because that's the earnings they are estimating they are going to achieve on those. Ms. Silva stated the City's earnings beat that but they've found they need to be really conservative with the discount rate when they are forecasting. Ms. Silva stated they are funding the Workers' Compensation pool which is the pool that's had the most problems at the 85% confidence level. Ms. Silva stated that means that even if they have a bad year, they should be relatively funded and not get hit with huge retrospective adjustments. There may be retrospective adjustments; there's always going to be that; it's special actuarial math; there's always going to be some adjustments; sometimes up sometimes down. Ms. Silva stated what they're hoping is to minimize the swing and make it more manageable going forward. Ms. Silva asked if the Council had any questions. Ms. Silva stated she could talk about retrospective adjustment for a really long time if they want to.

Council Member Holley stated he had one question. He noted that for the last four years, they haven't had any conference training and education and asked if starting next year there will be.

Ms. Silva stated that line item, there's actually some money in this year's budget that was done as an internal department transfer to cover. Ms. Silva stated that every once in a while what they get is a request for "hey, it would be really great if my supervisor could be trained in x". Ms. Silva stated that the 107 budget; the first budget she talked about, is for the four personnel in her department so when she has to train other people she really doesn't want to use her personal training dollars to train city-wide so that's what that budget is used for. Ms. Silva stated it is for things like supervisor training that are going to benefit everyone across the board. Ms. Silva asked if there were any other questions.

Mr. Przybyla stated that next up is Police Services.

Steve Frazier, Chief of Police stated that he just wanted to point out that while they can't hear this, their microphone is catching everything that they are eating up there.

Chief Frazier stated they wanted to start out with the positive; there is a little bit. Chief Frazier stated that like last year, they have several revenue sources that fund for police officers. Chief Frazier stated they continue their relationship with AB109 funds; this is a \$92,000 (it's not a grant, it's not an entitlement; he's not sure what they'd call it); it is State money to deal with the AB109 consequences. Last year when staff presented this to Council they weren't sure the State was going to fund at the same level. Chief Frazier stated two years ago it was \$40 million; last year they reduced to \$20 million. Chief Frazier stated it is in the budget this year; the Governor has not yet signed it unless he did so today. Chief Frazier stated if he signs it.... Mr. Tooley spoke out and stated that the Governor signed it with no cuts. Chief Frazier stated that their \$20 million is in there and it will continue to fund a portion of an officer. That \$92,000 has to be shared, a percentage, with the other municipal law enforcement agencies; that includes Chowchilla. Chief Frazier stated they [PD] walk away with a net of \$62,000 and they [other municipal law enforcement agencies] receive \$30,000.

Chief Frazier stated next is CCP, Community Corrections Partnership, this funds one officer 100%. Chief Frazier stated it is another component of AB109 and the officer funded through that participates with their [PD] Special Investigations Unit monitoring PRCS [Post Release Community Supervision] releases.

Chief Frazier stated they will continue their relationship with MUSD [Madera Unified School District] funding two police officers full-time including overtime.

Chief Frazier stated they return this year to a Housing Authority officer after, he believes, a two year hiatus. Housing Authority has agreed to fund one officer position 100%.

Chief Frazier stated that's the good, now he gets to bring up a little bit about the bad.

Chief Frazier stated that their revenue projected in the main PD budget; they are projecting about an \$82,000 deficit in relation to that and they really point to that as a byproduct of Prop 47. Chief Frazier stated the reclassification of felonies to misdemeanors and not holding folks or holding them accountable for those crimes is showing up in a monetary value in a reduction of fines in revenue associated with the court cost.

Chief Frazier stated they also increased their M&O [Maintenance & Operations] by about \$65,000. Chief Frazier stated last year Council approved moving forward with Lieutenants; that trickle-down effect impacted Sergeants and Corporals. Chief Frazier stated there is significant amount of training associated with that; the cost of doing business in their contract services has gone up so they see that between the loss of revenue and the increase in M&O, they are about \$147,000 over what they budgeted last year.

Chief Frazier stated other than that their budget remains largely the same and intact.

Chief Frazier stated he does want to talk about a little bit now, kind of about the bad, unless there are any questions on the dollars. He asked Council if there were any questions he could answer.

Chief Frazier stated he thinks it's important to point out that they continue to be committed to a philosophy that is focused on public service and creating partnerships but that philosophy is very man-power intensive and it requires a significant amount of commitment in man-power and he just wants to address that.

Chief Frazier stated he also wanted to recognize and thank the Council for taking some very positive action in moving the City forward with the sales tax. Chief Frazier stated he knows, that Council knows, that's important but what he wants to kind of layout is just how important that is. Chief Frazier stated they're faced with, if you get a tax share agreement hammered out with the County, there's a potential for PD to take over Parkwood; that's two additional bodies of which PD does not have at this point. Chief Frazier stated they are working diligently to identify those folks but the workload and everything has increased based upon

their philosophy and yet PD's personnel at many points this past year would be 13 bodies down and it's tough to maintain a philosophy that requires significant amounts of times when you don't have the bodies to fulfill that goal. Chief Frazier stated they are presently down three positions; they have five long-term absences and the bright spot in this is what compounded that issue is their trainees are now done and they will be entering the field training program so those four officers will in short time, he hopes, be able to go out and relieve some of that workload they are experiencing.

Chief Frazier stated they continue with their focus on serving the community. They will have their first Kids Camp this summer towards the end of July.

Chief Frazier stated they are looking at creating, he thinks the Grants Department included this in their COPS submission, they are going to be working what is called a Parent Project and a lot of the feedback PD sees on social media talks about parental accountability; how the parents need to step up and take responsibility for their kids. Chief Frazier stated they want to be able to give them the tools to do that. Chief Frazier stated the Parent Project, if the Council has an interest to look it up, is parentproject.org or parentproject.com; one of those. It gives parents responses to their children when they come home and they find that they are involved in gangs or drugs or something else. Chief Frazier stated that a lot of questions PD gets is how far and what can parents do to discipline their kids and they want to be able to give parents some positive responses and how to deal with that, so PD will be sending some officers to train the Trainer Classes. Chief Frazier stated they are going to partner with [County of Madera] Probation [Department] in that endeavor and PD expects some very positive results on that. Chief Frazier stated that down south, this is a pretty significant project that they have going; they've seen upwards of 34% reduction in juvenile crime as a result of getting the parents educated in programs and working positively with the youth.

Chief Frazier stated they just finished their fifth Citizens Academy and they will hold a second class this year beginning in August but more importantly they have part of their goal when they started. Chief Frazier stated that is, they mapped out at that time a plan to reach their monolingual population. They will begin putting their Citizen Academy class in Spanish and they expect in 2017 to put on their first class for their monolingual population.

Chief Frazier stated that was it and he asked if there were any questions that he could answer.

Council Member Oliver stated that looking at the budget, he sees that for DUI Enforcement and Awareness in the upcoming budget year, they have zero dollars allocated. Council Member Oliver asked if that was due to lack of securing certain grant monies or what is the status of that program.

Chief Frazier responded affirmatively. Chief Frazier stated that funds typically came in for DUI Enforcement through the Office of Traffic Safety and PD was fortunate to have that for four to five years prior to this year. Chief Frazier stated they submitted for it and did not receive it. It runs October to October and they did not receive the grant and they will try for that in the coming years, but right now there will be at least a year gap where they have not received any funding for that. Chief Frazier stated that was an overtime grant associated with DUI enforcement checkpoints, saturation patrol and those kinds of things.

Council thanked Chief Frazier.

Council Member Holley stated that the Animal Control Department had been left out.

Chief Frazier stated that nothing's really changed there. Animals are under control.

Mr. Przybyla asked James Forga, Battalion Chief if there was anything for Fire Services and Mr. Forga stated no that they were good.

Mr. Przybyla stated that the significant change was the contract. There was a 5.8% increase in the contract from last year's budget.

Mr. Przybyla stated that they also budgeted \$90,000 for building supplies and repairs whereas last year they had a \$10,000 budget. Mr. Forga [from the audience] stated they "cut" that. Mr. Przybyla stated the City is going to save another \$80,000 off this budget.

Mr. Przybyla [after speaking to someone in the audience] stated that James Forga from the Fire Department is telling him that there are some costs in the building supplies that can be reduced but then at the same time the Finance Manager is telling him [Mr. Przybyla] that there are some costs in the contracted services that are off-setting that reduction. Mr. Przybyla asked if it [his understanding] was correct. Patricia Barboza, Financial Services Manager [from the audience] stated the totals are the same and Mr. Przybyla reiterated that the total is the same. Mr. Przybyla stated there is no big change there but that will increase the percentage of the CalFire annual contract increase above 5.8%.

Mr. Przybyla asked if there were any questions on the Fire Department.

Mr. Przybyla stated Community Development is next and announced Chris Boyle.

Chris Boyle, Planning Manager stated that the Planning Department is Department 410 and there is only one real major change in their budget this year. Mr. Boyle asked that Council look at the expenditures and note about \$110,000 rise in expenditures. Mr. Boyle stated the department for the last year has included himself, one Assistant Planner and a shared Administrative Assistant. Mr. Boyle stated that they've also had an unfilled part-time position that has remained unfilled for about half of the fiscal year. Mr. Boyle stated they had a change in an Assistant Planner this year and this budget includes the addition of an additional planner which accounts for that rise in expenditures. The revenue, though, accounts for capturing certain services that the Planning Department is unable to provide with its current staffing levels so there is an anticipated revenue increase of over \$40,000. Mr. Boyle stated that completes his presentation and he would be happy to answer any questions the Council might have.

Council Member Medellin stated that he assumes that Mr. Boyle is still not to the staffing level where he wants to be; this is a great addition to but....

Mr. Boyle stated that "au contraire" he is very pleased to be able to add an individual planner to his staffing levels and they look forward to enjoying the benefits of additional coverage.

Mr. Tooley stated Council may translate that to, "Thank you, sir. May I have another?"

Mr. Tooley stated that one of the reasons the management team supported this additional position is first of all an honest to gosh need in the department; there is a significant volume of work. Mr. Tooley stated the City gets a little bit of cost recovery but in the long term, this is about making the business decision to accelerate new development, be responsive to and try to grow the local economy. That's the basic justification being made to Council tonight.

Mr. Przybyla stated that next up is the Building Department and presented Steve Woodworth.

Steve Woodworth, Chief Building Official stated the Building Department expenditure budget is largely unchanged except for a proposed addition of a Permit Technician to the department; preferably a bilingual Permit Technician to relieve some of the stress on the other departments as his department is having to borrow somebody to translate the building permit requirements to the public; it's part of their customer service plan.

Mr. Woodworth stated that with considerable changes to the revenues; they've had a good year and the overall expectation reflects an increase of approximately 30% in building permit activity based upon current trend analysis. Mr. Woodworth stated that an update to the fee schedule was implemented in the FY 14/15 budget cycle. Mr. Woodworth stated that combined with an increase in building permit activity, an increase of approximately \$245,000 in additional revenue is anticipated.

Mr. Woodworth stated that salaries and benefits remain largely unchanged except as anticipated by the Finance Department for non-discretionary increases in benefit costs and miscellaneous Interfund charges.

Mr. Woodworth stated it should be noted that if building activity increases significantly, and it is on the up-rise, current staffing levels will need to be re-examined to ensure that core services can continue to be provided. Mr. Woodworth stated the department remains staffed at approximately 50% of the full-time equivalent staffing in comparison to peak levels. Mr. Woodworth stated that he would be happy to answer any questions.

Mr. Przybyla stated that next up is Engineering and announced Keith Helmuth.

Keith Helmuth, City Engineer stated that the Engineering Department's total operating budget for next year is proposed to be \$1.6 million; that's about an increase of \$166,000 over last year or this current year and that also relates to about a 12% increase. Mr. Helmuth stated there are two primary reasons that they have the increases. They have a Cost of Living which represents about 3% of that and the other is a proposed addition of an Assistant Engineer.

Mr. Helmuth stated the Assistant Engineer they are proposing is to go ahead and take care of the increase in workload that the department is seeing from private development and also to assist on water and sewer projects that the City has coming out of the rates for next year.

Mr. Helmuth stated one of the things they are also doing as a part of that proposed hire is to go ahead and remove one of the interns that they have on that they can potentially hire. Mr. Helmuth stated they have two that are on the books as possible hires. They will not hire one and they'll probably hold off on the second hire until such time as they can find a likely candidate or that they really need to move forward with that.

Mr. Helmuth stated that additional proposed hire is also in addition to two hires that Council approved at mid-year budget which were a new engineer and a new inspector. The engineer is starting this week, probably on Friday. The inspector, if all things go correctly, that will be next week when he starts. Mr. Helmuth stated that was about it for his presentation and he would be happy to answer any questions.

Mr. Tooley stated he wanted to make a quick comment. Mr. Tooley stated that the most important core missions that the City needs to focus on over the next few years is getting those projects done that were identified in the rates. There are about three or four things that he's particularly focused on from the management perspective. Mr. Tooley stated this is, if it's not number one then it's number two; it's right at the top.

Mr. Przybyla stated that next up is the Public Works Department – Streets, Street Cleaning and Graffiti Abatement.

Dave Randall, Public Works Operations Director stated he would just hit the highlights; they won't go into the other non-General Fund five departments.

Mr. Randall stated there are two changes in personnel. Mr. Randall stated they currently have four part-time, half-year seasonal maintenance workers. Those are being changed to two full-time employees, so the same number of work hours being produced but they would be permanent employees. Mr. Randall stated that's to align with the current Affordable Care Act and appropriately give them the benefits that they're entitled to.

Mr. Randall stated the other thing that the Council will see this year is that they are currently doing a chip seal. Council probably sees all that rock everywhere and hearing the constituents complain about it, maybe. Mr. Randall stated that is something they do every two years. They get \$300,000 in funding per year but it usually takes about \$600,000 to make a viable product so next year Council won't see that. Mr. Randall stated this year they are on cycle; next year they will be off cycle.

Mr. Randall stated that as Council probably knows, Graffiti Abatement was partially funded by CDBG and that has been eliminated so that means an additional \$168,000 impact to them. Mr. Randall stated that is all that's really going on in Streets and he would be glad to answer any questions.

Mr. Przybyla stated that seeing none, they would move on to Parks & Community Services and announced Mary Anne Seay.

Mary Anne Seay, Director of Parks and Community Services [PCS] stated that in summary fashion, she is going to take the suite of cost centers under her control and talk about those five or six things that are significantly different than last year. Ms. Seay stated that in all other ways, their suite of budgets are largely status quo to the previous year.

Ms. Seay stated the first is a theme that the Council will hear tonight is the Cost of Living adjustments and that in her department particularly, the increase in minimum wage has an impact.

Ms. Seay stated that they also have a reduction in the Recreation cost center of about \$73,000/\$74,000 in revenue with their contract with the school district. Ms. Seay stated that is because the school district lost funding for one of the schools, Mount Vista, which is a shame because it was one of their best attended; and also in all thirteen other schools, the school district reduced services by 25% and the school district cited the reason for that as an increase in the cost of doing business on their side and with the school district's other vendors. Ms. Seay stated they will have a corresponding decrease in part-time FTE who are making those services happen at the thirteen remaining schools.

Ms. Seay stated the Parks Maintenance budget added a line item in the revenue section for \$60,000. It is a transfer-in from the Water Conservation fund and that is to cost allocate against for staff who spend time on water conservation efforts and that is new this year.

Ms. Seay stated the Median Island cost center is 691. Ms. Seay stated they anticipated that there would be an increase over the past three years. They entered into an agreement three years ago; it was time to send out an RFP. Ms. Seay stated they haven't wrapped up the RFP but they are anticipating that there will be an increase to that by about \$65,000 or \$70,000. Ms. Seay stated they've used a number as a placeholder; they think it is a good number. The increase is due to some of those same factors: the increased cost of doing business over time; the increased square footage of the median islands and these are median islands that are not in the Landscape Maintenance Zone program.

Ms. Seay stated the increased cost of the minimum wage is going to impact that vendor and how they bid work; their increased bottom line. Ms. Seay stated they really believe that the vendor that they currently have under contract underbid the work three years ago and they see evidence of that, so moving forward to this next year as a way to reduce the burden of that additional \$65,000 to \$70,000, an idea was floated to use gas tax in lieu of General Fund resources here.

Ms. Seay stated that instead of just plugging that delta of the \$65,000 to \$70,000 for this next fiscal year, they are going to use approximately \$65,000 to \$175,000 in gas tax as Median Island Maintenance Fund. Ms. Seay stated they are going to monitor that. They don't think it's a sustainable use of gas tax over time but with the uncertainty looming for next year, they thought it was a good way to study the efficacy of that practice and come up with alternative funding sources.

Ms. Seay stated the other thing that Council will see as significant change across budgets is just the elimination of their minor capital requests: infrastructure upgrades, fixing broken doors, broken windows, latches, concrete repair; those types of things. Ms. Seay stated they eliminated that altogether and instead of just standing pat with that as a notion, they recognize the importance of continuing to visit and re-visit their existing infrastructure in addition to the hope that they expand their park and trail system but that they're going back, and some of the old restrooms and old concrete, that they are looking at ways to address

that. Ms. Seay stated they did quite a lot in FY 15/16. They replaced some windows at Pan Am that were bad; some doors at some other facilities and the list goes on.

Ms. Seay stated they have applied for a CDBG grant which brings her to her final point. Ms. Seay stated that without RAC's recommendations and Council final approval of CDBG appropriations, they don't know exactly what those numbers are going to be. Ms. Seay stated they anticipate and used, as a placeholder, the number that they received and were awarded for senior programming in revenue for the 518 cost center. They are unsure what number is ultimately going to be adopted and how much cost allocation they can get from a project that they have proposed and they will see how that goes with the CDBG allocation.

Ms. Seay stated the CDBG application that they submitted last week does address some of those infrastructure needs that she's talking about. Ms. Seay stated they want to continue to, whether it be CDBG or other grant funding sources out there, address again not only the expansion of their program but the maintenance of their infrastructure that they have right now. Ms. Seay stated she would be happy to answer any questions about any of the Parks budgets.

Council Member Oliver stated that kind of on the topic of CDBG, what is the timeframe for RAC to review some of the updated proposals and he knows the City's had some disagreement with HUD on some items, so what is the status of those things.

Someone started to speak and Mr. Przybyla asked that the person please come up to the microphone.

Ivette Iraheta, Grants Administrator stated that RAC will be meeting this Thursday to review the applications that staff received last week.

Council Member Oliver stated that on a side note, he asked if a member of HUD was going to be present. He knows that years past they haven't really been but now with greater scrutiny and involvement.

Ms. Iraheta stated they are not anticipating that a HUD rep will be there.

Mr. Tooley stated [he had] a couple of explanatory notes. Mr. Tooley stated the issue with HUD is obviously a significant impact on the City's budget. In prior years, the City has been able to use Block Grant funds to offset a lot of the City's operational costs. Mr. Tooley stated that as he indicated to Council, one of his preliminary communications, notwithstanding the fact that the City's Graffiti Abatement and some of the Code Enforcement activities were recognized for their excellence by HUD, HUD now has determined that those activities are going to be ineligible.

Mr. Tooley stated that one of the recurring themes that Council is going to find in this budget is that revenue sources that the City has traditionally used to maintain service levels are going away. Mr. Tooley stated the City is having to be more creative in the use of funds but one of the things that is concerning to him and it should be concerning to Council is the City's ability to sustain these service levels as increasingly the City's revenue sources become limited. Mr. Tooley stated that with that he will grab his edit button and won't say anything else about the City's HUD representation.

Mayor Pro Tem Rigby asked Ms. Seay, as he is curious and he thinks the numbers answer his question but he wants to hear it from her mouth, regarding the City's partnerships with the Madera National Little League and taking on Bobby Sox; he didn't see too much of a change in the sports program with that. Mayor Pro Tem Rigby asked Ms. Seay how she felt that went.

Ms. Seay stated they haven't completed that exercise and in the interest of full disclosure, the Housing Related Parks Program grants and some things that had some very short timeframes for example, if they didn't spend the HRPP resources by Friday, they would have lost \$731,000 so with the compression of staff and with some of those big projects looming, they didn't spend the time they had thought they would in FY 15/16 on finalizing MOUs with user groups.

Ms. Seay stated that she could report that the National Little League program did operate the Girls Softball program. PCS went out and visited with parents. The parents were very pleased with the shift in leadership there. Ms. Seay stated PCS plan on doing some follow-up to make sure that PCS is providing equally girls' sports and boys' sports but they are pleased with the turn-out; there were more than twice the number of girls participating this year as last year.

Council Member Robinson stated he was wondering, as Ms. Seay said that they replaced some windows in one of the community centers (Ms. Seay stated Pan American), if she had contacted PG&E because they are going around servicing businesses and households, re-doing their vents and all the tubing, doubling and wrapping (Ms. Seay stated duct work) and insulating them.

Ms. Seay stated they haven't specifically reached out to PG&E on their residential program but they have worked with them in terms of and Pan Am is the same center where the windows were replaced, a couple of years ago. Ms. Seay stated that PG&E came in and did a light retro-fit and used a different type of bulb that uses less electricity. Ms. Seay stated that's a good point and PCS could surely visit with PG&E before they raise the City's rates and see if PG&E can do anything to help them.

Council thanked Ms. Seay. Mayor Poythress asked if there were any other questions; none were stated.

Ms. Seay thanked the Council.

Mr. Przybyla stated that one thing that the Council might have noticed is that the last two budgets that he included with Ms. Seay's budgets they are not General Fund budgets at this point but they are anticipating moving those into the General Fund because whereas they were primarily funded in the past by FMAAA or other grant funding sources, they are mostly supported by the General Fund at this point so they are just going to make those General Fund budgets and recognize revenue from FMAAA or whatever other organizations contribute to that into the General Fund. Mr. Przybyla stated that is why he included those that were not a 10200 fund and that is something they still need to wrap up before the final budget; the coding for that.

Mr. Przybyla stated that moves them on to Grants.

Ms. Iraheta stated she would present to Council the Grants Entitlement Oversight budget 812. Ms. Iraheta stated as far as the operations for the coming year, they don't anticipate significant changes in their projects. Ms. Iraheta stated that as a matter of fact, they are intending to catch up on projects that they are behind on, this coming year.

Ms. Iraheta stated that current staff is five; three full-time and two part-time positions. Ms. Iraheta stated the most significant change is staffing for the upcoming year. This includes having hired herself this last month and they are in the process of hiring another Grant Manager and that displays the increase of about \$200,000 projected for the next fiscal year.

Ms. Iraheta stated that other than that, the City was anticipating for the next fiscal year an offset in the General Fund of approximately half a million [dollars]; that may not be the case for the upcoming year because of CDBG changes that they are having to make and they don't know what that number will end up being. Ms. Iraheta stated the applications that were just submitted, staff will have more information in the next couple of weeks as to how much will be allocated for Admin under CDBG. Ms. Iraheta stated she would be happy to answer any questions.

Mayor Poythress stated he had a question as she'd mentioned another Grants Manager; that's her position.

Ms. Iraheta stated that she is the Grant Administrator and they have a vacancy for the Grants Manager.

Mayor Poythress asked who was in that position previously.

Ms. Iraheta stated they had a consultant working the Transit Manager position.

Mayor Poythress thanked Ms. Iraheta.

Council Member Oliver asked typically for those administrative costs, what percentage have been offset by CDBG. Council Member Oliver asked if it was 100% or close to 100% as far as salaries.

Mr. Tooley stated it tends to depend. It tends to be department specific so whereas the City used to pay for Graffiti Abatement and Code Enforcement; it didn't pay 100% for those activities but it made a very significant contribution and that is indicated by red. Mr. Tooley stated that in previous years, the City's had as much as half a million dollars in offset in the General Fund. Based on everything that he's heard, he would think it's a bad fight to pick with Block Grant. Mr. Tooley stated the City has some very specific projects that will provide capital assets to the City and those will provide some relief to the General Fund, but the City's ability to pay for warm blooded people is probably something less than zero. Other than the cost allocation from a specific activity from a project basis, they're just tightening it up.

Ms. Iraheta stated that under Capital Projects the City will probably see some percentage; staff is hoping close to the 20%. It depends what was submitted in those applications.

Council Member Oliver asked under Administrative, each year this department applies for funds, correct, to offset some of those salary compensation costs and he knows they are probably going to increase some of their staff there; he is just curious to see if the plan is to offset that by the CDBG's Administrative allocation because in there are other departments, agencies and organizations that do apply for the same pool of funds.

Mr. Tooley stated that the questions with regard to the City's ability to offset the cost of the City's Grants Department, "yes", they are going to be able to effectively address that. Mr. Tooley stated that the questions with regard to other departments in the City, it's obviously going to be very limited.

Council thanked Ms. Iraheta and Mr. Tooley.

Mr. Przybyla stated this moves them on to Code Enforcement and that Viola Rodriguez is here to give that presentation.

Viola Rodriguez, Neighborhood Preservation Supervisor stated that their department is projected to see a fluctuation in both the revenues and the expenditures. The shift is expected to be due in part to changes in their current staffing and the start-up costs that will be needed to implement a rental housing inspection program should it be adopted.

Ms. Rodriguez stated that during the peak of the foreclosure crisis, Code Enforcement consisted of one supervisor and six Neighborhood [Preservation] Specialists with four part-time persons. Ms. Rodriguez stated to date, that department consists of a Neighborhood Preservation III acting as a supervisor and five Neighborhood Preservation Specialists and three part-time positions of which one is currently vacant which leaves them with 1½ positions short.

Ms. Rodriguez stated they just completed a second Weed Abatement Program and they received more compliance than they anticipated so in terms of finance, it isn't costing them as much as what they originally thought it was going to cost. Ms. Rodriguez stated the cost of the abatement is processed as a lien on the property's tax roll so the cost will then equal out the revenue.

Ms. Rodriguez stated in addition to this process, as a department, they are going to be focusing on their code enforcement activity. They will be looking at an area where a code enforcement hasn't been assigned to. This area is located west of Adell [Street] at Clark [Street] and Sharon Boulevard.

Ms. Rodriguez stated the reason she is bringing this up is because last year, they were short-staffed so they started to focus on the training/cross-training of each of their Code Enforcement officers so that each one can step in and help each other and because of that, they have been able to utilize their staff in different areas such as the abandoned vehicles which used to be assigned to just one person. Ms. Rodriguez stated the reason she is bringing that up is because as they take on more activity, they may come back to Council and ask Council to back-fill some of these positions.

Ms. Rodriguez stated that along with the programs she just mentioned, they are going to continue to work with the neighborhoods through the different meetings and they are still working on organizing the Neighborhood National Night Out which is scheduled for August 4th.

Ms. Rodriguez stated at this point, she wanted to make note that they are going to be making adjustments to accommodate the vacancy of the Neighborhood Outreach Coordinator which right now Saleh [Alhomedi] is holding that position. He will be leaving them. He is attending to a family emergency so they will have a vacancy then.

Ms. Rodriguez stated that in the past years, Code Enforcement has been funded 1/3 Redevelopment, 1/3 Block Grant and 1/3 General Fund, but two of those are gone and so now they only have the General Fund and that's what will be funding their budget along with fines and penalties. Ms. Rodriguez stated they will continue to be vigilant on their Code Enforcement activities and they are going to hope to reposition themselves so that they will be able to apply for the CDBG grant this next go-around. Ms. Rodriguez stated she would be happy to answer any questions.

Council Member Robinson asked how many positions were vacant.

Ms. Rodriguez stated there are 1½; this is a part-time position and a Code Enforcement officer.

Council thanked Ms. Rodriguez.

Mr. Przybyla stated he believes that wraps up all the General Fund presentations. Mr. Przybyla stated at this time he would skip back to the summaries of the other funds and they will try to cover those.

Mr. Przybyla stated here [on the presentation slides] are the summaries of other funds starting off with the Enterprise Funds and Revenue and Expenditures.

Mr. Przybyla stated Council could see that the Sewer Fund is looking at about \$531,000 deficit but they've got \$834,000 of capital outlay so that would tell them that they are operating within budget; they are bringing in as much revenues as they are expending operational expenses and that pretty much explains the Sewer Fund.

Mr. Przybyla stated that in the Solid Waste Fund, they've got a slight deficit of \$217,000 but basically they are doing that according to plans to use up some of the fund balance that was built up over the years rather than increase rates for the customers.

Mr. Przybyla stated the Water Fund, another of major Enterprise Funds, is projecting a \$2.1 million deficit but it's got a \$3.2 million projection for capital outlaying so again they are meeting their operational costs from current operation operational income.

Mr. Przybyla stated that Council will see here also that the Utility Billing Collections budget went from \$2.1 million down to zero because that's folded into these other budgets. Mr. Przybyla stated there is a new one here; the Finance Utility Billing Water; that's absorbing cost related to that.

Mr. Przybyla stated that Drainage has turned around since the preliminary presentation also which staff had a projected deficit and staff is now projecting a slight surplus in the Drainage outlay.

Mr. Przybyla stated other than that there are the other Enterprise revenues. He believes the Airport is the largest of those and it's projecting a slight deficit.

Mr. Przybyla stated Dial-a-Ride is projecting a slight deficit also but Fixed Route is projecting a surplus.

Mr. Przybyla stated overall it is \$2.8 million of total Enterprise Funds projected and more detail will follow on that, of course.

Mr. Przybyla stated the next one is the Internal Service Funds revenues and expenditures.

Mr. Przybyla stated Council can see [in the slide] that Fleet is projecting a \$291,000 deficit as mentioned in the preliminary presentation. Mr. Przybyla stated that is because in some years, they buy more vehicles than they set aside monies for and in this particular year they are projecting to buy more vehicles than they are charging the departments to fund those vehicle replacements.

Mr. Przybyla stated Facilities Maintenance is pretty much a balanced budget with a \$1,000 deficit and in the Technology budget they're spending \$109,000 more than they are charging the departments, again because of capital outlay projects and expenses.

Mr. Przybyla stated the last of the summaries is the Special Revenue Funds revenue and expenditures and there is a lot of detail there that he doesn't think they will even cover this evening but it is there for Council's reading enjoyment should Council want to go through it in detail at some time and he would be glad to review that with Council.

Mr. Przybyla stated at this time they would cut back to the staff presentations and pick up where they left off. Mr. Przybyla stated they've covered those summaries [on the slides] and will now start with Finance.

Mr. Przybyla stated as promised here [on presentation slide] is the Water Utility Billing. Sewer Utility Billing at 25%; Water is at 50% and Solid Waste. Mr. Przybyla stated that as he has mentioned, staff has taken the General Fund budget, split it out into the three funds that were funding that instead of doing transfers-in and transfers-out, they are doing it directly to those funds.

Mr. Przybyla stated they have the Community Facility District [CFD] for city-wide services. There is an \$800,000 that he mentioned, that they are transferring into the General Fund to fund operations this year. Mr. Przybyla stated that would be the CFD of most interest to Council, he's sure.

Mr. Przybyla stated that as Council can see [in the slide], staff budgeted \$500,000 to transfer-in for FY 15/16 but rather than transfer that much in this year, they are only going to transfer \$100,000 and leave more to help balance the budget next year.

Mr. Przybyla asked if the Council had any questions so far. No questions were asked.

Mr. Przybyla stated this [line item on the presentation slide] is basically the KB Home Community Facility District which basically just services the debt related to that Community Facility District and then there is another CFD for deficits of the 2006 bonds.

Mr. Przybyla stated that his department also handles the accounting for the Parks' Facilities Lease Administration.

Mr. Przybyla asked the Chief of Police is he wanted to cover the SLESF [Supplemental Law Enforcement Services Fund] budget or if he just wanted Mr. Przybyla to say it was pretty much the same as last year. Steve Frazier, Chief of Police stated it is exactly the same as last year.

Mr. Przybyla stated that to be corrected, that is exactly the same as last year. \$100,000 of front line services funding for the Police Department [PD]. Staff is continuing the \$100,000 which will go 100% towards Other Supplies as PD's budget of this year.

Mr. Przybyla stated that JAG [Justice Assistance Grant] is another grant that's at \$35,000; remaining exactly the same as last year also.

Police Chief Frazier stated, "no", that they funded about \$38,000 this year and like last year they will spend that for the car camera.

Mayor Poythress stated that Mr. Przybyla will repeat that for the microphone.

Mr. Przybyla stated that actually the Chief of Police stated that this \$35,000 budget has just been kicked up to \$38,000 and they are going to use that entirely for the new cameras that will be put into the police vehicles.

Mr. Przybyla stated that now that they've covered Finance and PD, they would move on to Public Works which should be the lion's share of this part of the presentation.

Dave Randall, Public Works Operations Director started with just the highlights in Water. Mr. Randall stated that as Council knows, the City increased fee rates considerably but then there was a corresponding reduction in sales from Water Conservation so revenues are down slightly but the projections of what they are producing are fairly close so they're really not hurting the fund balance too badly and they are confident that they can stay the course and keep their fund balance appropriately.

Mr. Randall stated that some of the changes they do have, though, they are recommending in this budget that they add a Water System Worker I position to the Water Maintenance Division. Mr. Randall stated that what this position will do; it's a brand new position not funded before, it just addresses a shortfall they have in their ability to abate the maintenance.

Mr. Randall stated they have quite a system of valves, as the Council can imagine, in the City that have to be exercised continually and from time to time, repaired. Mr. Randall stated that because they are limited in resources, they haven't been able to keep up on that for the last number of years; he doesn't know how far back it goes, and so they have a lot of valves that are failing. Mr. Randall stated that what happens is when they have to isolate an area for a water break or whatever, results sometimes in larger areas having to be shut down because valves aren't working correctly. Mr. Randall stated they don't want that trend to continue so they are funding this position to try to get back up to speed and maintain the system in a little more appropriate fashion.

Mr. Randall stated additionally they have an existing pit position; Engineering Technician position and it's being proposed that it be replaced with an Administrative Analyst. Mr. Randall stated the Engineering Tech position really isn't aligned with what they do currently. They rely on the Engineering Department to do engineering and it used to be, actually, an Analyst position and that's needed to really do the regulatory compliance and other issues they have to do in Public Works so by doing this, this position will continue for another three months and then they will end on September 30th and they will replace that person with a recruitment for an Administrative Analyst which will be hopefully filled by October 1st. Mr. Randall stated that would give them a little better skill set to try to do what they are trying to do.

Mr. Randall stated there is an item that will be coming back to Council shortly on the funds that are sort of available from Water Conservation. Mr. Randall stated that Council may recall that when they did their rates, they anticipated \$1,000,000 being available to rebates. Mr. Randall stated they are not utilizing that much and so they've used them for a few things; Ms. Seay mentioned part of it. Mr. Randall stated they have some ideas on what they'd like to do so within the next two agenda cycles, they will be back with some proposals on how they can best utilize those dollars.

Mr. Randall stated that in Sewer for next year, the major effort will be the implementation of the infrastructure study. It's something that was funded in this year's budget and they are in the process of actually making the final selection of the firm but it will be a long process that will be going through but it will be a significant work effort for Engineering [Department] as well as Public Works [Department].

Mr. Randall stated as Council knows, a full-time Senior Engineer and a full-time Construction Inspector were requested as part of this budget and again, that is to try to address all the capital projects that they do have. There is quite a bit to be done and unless they increase staff, it just simply won't get done and so they've identified the need through the various infrastructure studies and everything else that's been produced over the last couple of years. Mr. Randall stated they've found the money in the rate structure but now they actually have to build it so they need those people to do it.

Mr. Randall stated that in the Waste Water Treatment Plant, things are going pretty much the same except they're experiencing a number of vacancies. Mr. Randall stated it won't affect the budget but they are currently recruiting for three vacant positions. They will have a lot of repairs as is normal course for a large plant like that but it continues to operate efficiently.

Mr. Randall stated that as was mentioned, the Storm Drainage budget was originally going to be running at a deficit. Mr. Randall stated what they did to correct that was that they identified a project where they are taking the drainage basins, putting vertical percolation in; drywells, if you want to call them that, to make them into an asset of the Water Department therefore that maintenance shifts from Storm Drainage into Water. Mr. Randall stated the difference being that Storm Drainage doesn't have any way for them to practically increase fees so they are always sort of falling behind whereas Water can be funded appropriately to match the expenses as they occur.

Mr. Randall stated with that, he would be happy to answer any questions the Council might have. No questions were asked.

Mr. Przybyla asked Mary Anne Seay, Parks and Community Services Director if she had anything she'd like to cover. He also stated that she has the Parks and Development Fund which is Non-General Fund but which is funded by grants such as the one that she mentioned earlier that they are expending before the June 30 deadline. Mr. Przybyla stated that for the next year, they are looking at \$95,275 to be used on Centennial Park.

Ms. Seay stated the \$95,275 is a second year allocation for Housing Related Parks Program so the project that Council sees underway at Centennial Park is not going to be completed by Friday although they are going to have a lot of resources expensed by Friday for that and the Knox Park project on A and Knox Streets. Ms. Seay stated the \$95,000 represents kind of the completion, not the completion of that project, but the HRPP funds that are allocated to the completion of that project.

Ms. Seay asked if Council had any questions.

Council Member Medellin asked for the estimated completion date.

Ms. Seay stated at some date in the near future but not too near future.

Council Member Medellin stated she sounded like a contractor.

Ms. Seay stated that what you do with contractors is you take what they give you, a span from six to eight weeks, you take the second number, double it, add two months and you might not get disappointed.

Council Member Medellin stated then you're in the ballpark.

Ms. Seay stated they have a formula for everything.

Mr. Przybyla stated that also under the Non-General Fund is the Golf Operations. Mr. Przybyla stated it looks like there will be a transfer-in this year of \$191,000 from the General Fund to help fund the debt service.

Mr. Przybyla asked if Ms. Iraheta had anything she wanted to mention, any significant changes, in the Dial-A-Ride or the Fixed Route budgets that she wanted to cover this evening. Mr. Przybyla stated no significant changes. Mr. Przybyla stated Council could see that capital outlays were staying exactly the same; slight increase in the Dial-A-Ride. Mr. Przybyla stated nothing in that because it's been moved out so basically no significant increases in those budgets.

Mr. Przybyla stated they do have the \$300,000 in capital outlay under the MAX Capital Outlay budget and significant amount of funding that's coming in this year that will be used primarily for future projects.

Mr. Przybyla stated Fleet Services is next and they have Randy Collin in the audience and he would like Mr. Collin to come up and tell Council a little bit about the Fleet Services budgets.

Randy Collin, Fleet Operations Manager stated that Fleets has basically two parts to it. The first is the Equipment Maintenance and really the only thing changed this year in that is the Cost of Living and the other section is the Equipment Replacement and Mr. Przybyla had talked a little bit earlier about that. Mr. Collin stated that in the General Fund sections, they deferred the department contributions by a year and also the corresponding equipment purchases for that. The biggest impact there would probably be PD [Police Department].

Mr. Collin stated that was all he had unless Council had questions.

Council thanked Mr. Collin.

Mr. Przybyla stated if there were no questions on Fleet, the next budget was Information Services. Mr. Przybyla stated Ted [Uyesaka, Information Services Manager] had to go home sick today so he [Mr. Uyesaka] asked him [Mr. Przybyla] to cover his budgets for him.

Mr. Przybyla stated here was an overview of what has changed: Under 4710-3040, Contracted Services has risen substantially. Mr. Przybyla stated this is due to the moving of \$60,000 to pay for the annual maintenance for the City's MAIS system from Finance to IT to assist in the City's continued standardization of Enterprise systems and their costs. Mr. Przybyla stated this also has approximately \$90,000 in annual recurring fees for the fiber infrastructure project that Council approved earlier in this year. Mr. Przybyla stated there is also an additional \$40,000 for a new back-up system and miscellaneous software licenses, hence the increases to the line item Contracted Services.

Mr. Przybyla stated that in 4710-5001, Computer Equipment shows an increase of almost \$100,000. Replacement of the City's core servers and network equipment is now on a regular schedule. The actual annual costs may increase the equipment schedule and can vary from year to year. All equipment is on a five to seven year replacement schedule and this is calculated into an annual cost for each department. In some years the Internal Service Fund may cover the total cost of what is captured but it may not cover the total cost, but this could be captured in subsequent years when the fees exceed what is actually purchased and replaced for the year which is basically what he [Mr. Przybyla] said earlier regarding Fleet and IT.

Mr. Przybyla stated when you have a schedule that you charge the departments an even amount each year to replace uneven amounts of replacement equipment, some years you spend more than you bring in.

Mr. Przybyla stated he believes that concludes all of the items that staff would like to cover this evening of the budgets staff wanted to go over in detail, that is. Mr. Przybyla stated he would refer back to his slideshow. Mr. Przybyla stated they did this in pretty good time.

Mr. Przybyla stated the final slide that he has is the Final Budget preparations now. Staff will be working feverishly this week to wrap up the Final Budget for presentation to Council at the July 6th meeting.

Mr. Przybyla asked if Council had further questions of staff regarding the proposed budgets.

Mr. Przybyla asked if Council had any recommendations or recommended changes to the proposed budgets at this time. Mr. Przybyla stated if not, then staff will proceed on the course that they have right now to wrap up the budget preparations, get it to Council by the July 6th meeting.

Mr. Przybyla stated there may be some bells and whistles that won't be in what gets proposed to the Council but they'll add some of those bells and whistles, some frosting and decorations and what not before staff submits it for the awards application. Mr. Przybyla stated they anticipate getting the CSMFO Excellence in Budgeting Award again this year.

Mr. Przybyla asked if Mr. Tooley had anything he would like to add to the conversation.

Mr. Tooley stated he would like to thank the Council. He knows, notwithstanding the fact that they've had some preliminary presentations, Council has to feel like they got fed with a firehose tonight.

Mr. Tooley stated he did want to make a couple of closing remarks; just something to put away. Mr. Tooley stated he sat down this afternoon and asked himself what his top priorities are as the Council's City Administrator.

Mr. Tooley stated the five things that he identified for himself are, first of all, over the next couple of years possibly the most mission critical they have to do is get the physical assets built that the City promised in the rate increases; the Water and Sewer Funds. Mr. Tooley stated those are important; they have everything to do with quality of life and the City's ability to grow. They're just that important. Mr. Tooley stated second of all, staff continues to go through the implementation of a new financial enterprise operating system; that sucks up huge amounts of time from one week to the next. It is a lot like giving birth. It has that kind of organizational pain taking place. It's a struggle, even in the best of circumstances and they have a limited number of staff so that is the second priority.

Mr. Tooley stated that Police Chief Frazier touched on a public safety tax. If they pass the public safety tax, the next two years, his expectation is that they are going build a new fire station and open it. His expectation is that the City will have a lot of new boots on the ground and Police Chief Frazier and his team are going to spend an undue amount of time recruiting, training and making individuals part of the organization. Mr. Tooley stated make no mistake, there's a lot of work that goes with that.

Mr. Tooley stated the City has a tax sharing agreement that has yet to be completed and last of all, development is a priority for him led by the discussion about the casino and travel center at Avenue 17 and SR 99.

Mr. Tooley stated his focus is not just on the General Fund because he's touched on the importance of the projects in the Enterprise Fund but let him focus for a minute on the General Fund. Mr. Tooley stated staff does lots of things that a traditional finance manager would tell you go beyond reasonable risk and that's who he is. Mr. Tooley stated he was brought up as a traditional finance manager. Each year staff takes the City a little bit further out on the limb. Every year staff takes a little more risk and every year staff makes it work. Mr. Tooley stated that's the good news.

Mr. Tooley stated the bad news is it works until it doesn't so they've had the risk discussion before and he's not going to beat the drum because he thinks Council adequately understand it but they've pushed themselves out there and they need the new development. Mr. Tooley stated they need to expand the economic pie in this city. They need to get more people actively employed and becoming part of that living economic organism if they're going to succeed and meet all of their financial requirements.

Mr. Tooley stated with that, he will stop and yield to the Council for any additional discussion or direction.

Mayor Poythress stated he would just like to thank everybody for all their hard work in getting them here and getting this budget put together. It's not unlike other years and as David [Tooley] pointed out, every year it's a new set of challenges.

Mayor Poythress stated that what Mr. Tooley didn't mention are increased costs of personnel, not only with the benefits but also with the minimum wage. Mayor Poythress stated he is not sure that they get the grasp of what the minimum wage increase is going to be doing to the their economy as a State because they are not only looking at increasing it over the next four or five years to that \$15 dollars an hour but there's that compaction issue. Mayor Poythress stated somebody that is making \$15 an hour now and doing that type of work is not going to be happy making minimum wage at that particular time and so they're going to be looking at increases there.

Mayor Poythress stated during that time, it's going to be more and more difficult, he thinks, for them to be able to balance the budget and potentially even keep the level of personnel that they have unless they are able to find sources of revenue.

Mayor Poythress stated technology is going to become more and more important so there is no lack of challenges that they face but, again, he is honored to be associated with a great team of folks that are able to meet that challenge and have exceeded that challenge and he has every confidence that they'll continue to be able to do that in the future, thank you.

Mayor Poythress asked if there were any other comments.

Council Member Medellin stated, "Well said, Mr. Mayor" and Mayor Poythress thanked him.

2. Council Reports

Council Member Robinson stated last Wednesday to Thursday, he attended the Mayor and Council Members Executive Forum. The League of California Cities put it on. Council Member Robinson stated they had some really interesting classes. One of the classes that he took was the, "Recommended Protocols for City Councils during Labor Negotiations". This session offered "best practices" with the objective of reaching responsible agreements with labor efficiently and fairly. Council Member Robinson stated he can honestly say that they do that.

Council Member Robinson stated that another class was, "Top Ten Things about City Finance Today" and the next was, "The How's and Why's of Police-Community Relations and Diversity". Council Member Robinson stated they concentrated on Stockton's journey and transition from having historically high crime rates, to reaching prominence on the national scene for best practices. Council Member Robinson stated it was a pretty good story.

Council Member Robinson stated and then they talked about, "Strengthening the Council-Manager Team". Council Member Robinson stated a strong city council-city manager relationship is essential to effective local government and they heard about the most pressing challenges facing managers around the state.

Council Member Robinson stated then plus, "The News Cycle – The Do's and Don'ts for Elected Officials" for reporting on stories 24-7 on social media.

Council Member Robinson stated it was really educational and he brought some books, "City Financing and What You Should Know" if anybody is interested in having this.

Mayor Pro Tem Rigby stated there was nothing to report other than his condolences to the Scarborough family if they know that John [Scarborough, Park Planning Manager] recently lost his father who was a dear friend of his [Mayor Pro Tem Rigby's] family. He was just a great friend. Mayor Pro Tem Rigby stated that

one of the stories that he recollects is that Mr. Scarborough's father and his [Mayor Pro Tem Rigby's] uncle would compete for an award for Better Homes & Garden Lawn of the Year in Fresno which was an unofficial title that they made a sign and they would put it in front of their own homes to compete against each other. Mayor Pro Tem Rigby stated he will miss golfing with Mr. Scarborough's father; he is going to miss shooting the bull with him. Mayor Pro Tem Rigby stated he was a great guy and his condolences to their family.

Council Member Holley stated there was nothing to report. He stated he did everything they all said and if they had any more, he did that too.

Council Member Medellin stated he had nothing to report.

Council Member Oliver stated he had nothing to report.

Mayor Poythress stated he had nothing to report.

Mayor Poythress thanked everybody, wished them a wonderful evening and to stay cool.

ADJOURNMENT

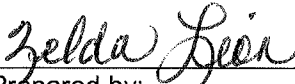
The meeting was adjourned by Mayor Poythress at 7:34 p.m.

CONSISTENCY WITH THE VISION MADERA 2025 PLAN

Approval of the minutes is not addressed in the vision or action plans; the requested action is also not in conflict with any of the actions or goals contained in that plan.


SONIA ALVAREZ, City Clerk


ROBERT L. POYTHRESS, Mayor


Prepared by:
ZELDA LEÓN, Deputy City Clerk

