

**RIO DELL CITY COUNCIL
SPECIAL MEETING
JUNE 22, 2010
MINUTES**

A Special Meeting of the Rio Dell City Council was called to order at 5:00 P.M. by Mayor Woodall.

ROLL CALL: Present: Mayor Woodall, Councilmembers Dunker, Marks, and Thompson

Absent: Councilmember Barsanti

Others Present: City Manager Henrickson, Governmental Consultant Stretch, Chief of Police Hill, Finance Director Beauchaine, Acting Public Works Director Jensen, Senior Fiscal Assistant Cezario, and City Clerk Dunham

ANNOUNCEMENT IN OPEN SESSION OF ITEMS TO BE DISCUSSED IN CLOSED SESSION AS FOLLOWS:

- 1) Conference with Labor Negotiator; the City's Designated Representative Consultant Interim Jim Stretch and City Manager Ron Henrickson concerning Rio Dell Police Officers' Association (Government Code Section 54957.6)

Mayor Woodall announced the City Council would be recessing into closed session briefly to discuss the above noted matter and asked for public comment. There being no public comment, the Council recessed into closed session at 5:02 P.M.

The regular meeting reconvened at 5:20 P.M. Mayor Woodall announced there was no reportable action taken in closed session.

Consultant Stretch left the meeting at the conclusion of the closed session.

SPECIAL MEETING MATTERS/PUBLIC HEARINGS

Preliminary Budget Review – FY 2010-2011

City Manager Henrickson began by distributing to Council a supplemental Council Budget Workshop Agenda including five topics: General Comments, City Manager; Minor Changes and Reconciliation with General Fund; Finance Director Summary; Council Questions; and Classification Study Discussion.

City Manager Henrickson stated the budget process this year was somewhat unusual although he was pleased with the information to be presented.

He noted that the proposed budget was balanced primarily with Reserves and does not address any changes that may occur as a result of the salary classification study or allow for adequate funding in the Streets Department or provide for equipment/vehicle replacement. In regard to the level of personnel, he said it fits with the desires of the Council and otherwise, the budget basically mirrors last year's budget.

Finance Director Beauchaine provided a summary of changes not reflected in the draft budget to be included in the final draft as follows:

- Parks and Recreation Revenue removed from the Operations Revenue Schedule to the Capital Revenue Schedule \$6,000
- Final Budget to exclude the General Government Department. Costs to be allocated to departments
- Police Department Vehicle Abatement increased from \$4k to \$6k as in the original budget. Funding comes from Special Revenue Fund Reserves.
- \$6k interest expense removed from the Public Works budget and reclassified as a Capital Expenditure

Moving on to the budget summary, Beauchaine noted this year's operations revenue increased by 5% which totals \$2,198,903.51. She further stated that General Fund Revenues are projected to increase by 6%; Street Funding projected to decrease by 6%; Water and Sewer Funds have been partially reallocated to Capital and Debt Service Funds reported in the Capital Budget; and remaining operations revenue projections reflect a 3% increase as compared to the prior year. She said operations expenditures totaled \$2,281,265.00, representing a 2% increase from the prior year. To fund management augmentations as directed by the City Council, \$92,156.00 was utilized from Reserves to balance the operations budget. Personnel augmentation included the hiring of a Public Works Director/Civil Engineer; a Deputy City Manager; and filling the vacant Accountant position.

Beauchaine explained that this year's Capital and Special Projects budget included funding for 12 projects totaling \$3,191,907.00, debt service \$121,500.00, and depreciation of \$163,405.00, for a grand total of \$3,211,455.00. The following project list was identified as follows:

- Classification and Compensation Study - \$25,213.00 – General Fund Reserves
- Circulation Element - \$17,105.00 – General Fund Reserves
- Housing Element - \$5,000.00 – General Fund Reserves
- Fees, charges, and Assessments Study - \$40,000.00 – General Fund Reserves
- Ballot Initiatives Study - \$40,000.00 – General Fund Reserves
- Headwaters Food Collaborative - \$31,959.00 – 70% Grant Funded
- Wildwood Ave. Paving and Pedestrian Improvement Project – ARRA Grants and Prop 1b
- Fireman's Park Project - \$214,372.00 – Grant Funded

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- HOME Housing Rehabilitation Program - \$486,308.00 – Grant Funded
- Brownfield's Former Eel River Sawmill Phase I/II - \$279,074.00
- Solids and Disinfection Management - \$1,048,644.00
- Wastewater Facility and Effluent Disposal Project - \$313,231.00

Councilmember Marks asked for an explanation of the debt service; Finance Director Beauchaine explained debt service included notes payable for the Water Infrastructure Project as well as payments for vehicles and equipment (backhoe).

Next, was a review of individual revenue line items by department, followed by expense line items by department.

Councilmember Thompson questioned the year-to-date actual for business license revenue; Beauchaine explained that amount was representative of amounts received through March of this year and therefore not accurate to date.

Councilmember Dunker questioned the revenue generated from U.S. Cellular for the cell tower and asked if that was still used to fund City Council expenses stating that he understood that was the justification for creation of the lease agreement with U.S. Cellular; Beauchaine explained initially the revenue was used to fund the City Council's budget; then the expense was split between other funds so the revenue is not necessarily used solely for City Council expenditures.

Councilmember Marks questioned the \$3,500 budgeted under Contract/Professional Services (5115) in the City Manager Department for codification stating that she thought the codification was completed; Beauchaine explained that \$2,000 was to cover completion of the codification and \$1,500 for codification maintenance and updates. City Clerk Dunham pointed out that the fee for codification is \$19.00 per page and with update of the City's Subdivision Ordinance, that estimate was realistic.

Councilmember Thompson referred to the \$10,000 budgeted for Computer Maintenance and Support in the Finance Department and suggested the City implement a program whereby every computer is cleaned and blown out periodically to increase the life of computers thus potentially decreasing that expense.

Moving on to the Recycling Department, City Manager Henrickson stated he supported the efforts of the Recycling Coordinator and that the draft ordinance on mandatory collection for commercial properties and rentals would be forthcoming.

It was noted that the General Government Department was being eliminated and as a result the only expenses reflected in that department were for General Liability, Property, and Employee Practices Liability Insurance.

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Under the Police Department Budget, Councilmember Marks asked why nothing was budgeted for Police Booking Fees; Beauchaine explained the responsibility has been bouncing back and forth between the State and the Cities, and this year we don't anticipate paying for booking fees as the County would be working directly with the State.

City Manager Henrickson then referred to the Public Works Department and thanked the Acting Director of Public Works for his efforts in operating his budget at a minimum and said in time a closer look will need to be taken to find a way to fund street projects and come to grips on how to fund a long term capital improvement program.

Mayor Woodall asked if the Director of Public Works/Civil Engineer position was included under full time salaries; City Manager Henrickson said that it was part of the proposed salary budget.

Finance Director Beauchaine noted that a portion of that expense was covered by shifting the salary from the vacant maintenance worker position that would not be filled during this budget year.

City Manager Henrickson said in defining the problem in regard to street funding, a portion of the City's streets are deteriorated to the point of being beyond repair due to not having adequate funding for street maintenance and said it is imperative that a long term program be developed.

Under the Public Works Budget, Councilmember Thompson suggested the line item of Small Tools (5215) be redefined because when he thinks of small tools he thinks of screw drivers and wrenches and \$10,000 seems unrealistic. Acting Director of Public Works Jensen explained that everything under \$500 was classified as small tools and that the \$10,000 was divided among the water, sewer, and street departments. He said his plan was to equip every public works vehicle with a full set of tools once and for all to increase efficiency and to make each department responsible for those tools.

Councilmember Dunker asked if his department had an accountability program in place and suggested color coding tools between departments; Director of Public Works Jensen said he was working on developing a better method of accountability and noted that engraving and labels had been used on tools in the past.

Mayor Woodall asked if we had accounted for any cost savings associated with hiring a Civil Engineer; Finance Director Beauchaine noted that one obvious savings would be in reduced participation in TAC meetings by Winzler & Kelly.

Councilmember Thompson asked if we were still passing on to contract employees, a majority of building and planning fees collected; City Manager Henrickson said he would be addressing that issue at a later time.

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City Manager Henrickson commented that it was brought to his attention that the Chamber of Commerce was not going to be involved in Wildwood Days activities this year which brought up the question of appropriateness of the City's contributions to the Chamber from Transient Occupancy Tax revenue. His recommendation was that the City leaves that expense in the budget, makes the first quarter contribution, then reviews the activity before making any further contributions.

Mayor asked what the amount was that was paid to the Chamber; Beauchaine said approximately \$1,200 was paid to the Chamber annually or 10% of the annual transient occupancy tax revenue received.

City Council concurred.

City Manager Henrickson stated in regard to the Salary Classification Study, CPS Human Resources Services was asked to focus on the Director of Public Works/Civil Engineer position first so the position could be advertised. The results of that study found that the proposed salary for the position by the City of \$68,000 was far too low with their median salary projection of \$93,879. With the bottom of the scale at \$76,333, he suggested the salary be increased to \$78,000 with the use of Reserve Funds. He noted the salary structure at the management level was approximately 25% lower than average and because of the lean level of staffing, some employees were expected to do 1 ½ times the work.

City Manager Henrickson further stated that approximately \$732,000 was paid out last year for engineering services and the inclusion of that position would reduce engineering expenses enough to pay a good share of that salary.

If the Council is in agreement, he suggested direction be given to staff to adjust the draft budget to include the proposed increase in the salary for the Director of Public Works/Civil Engineer position to \$78,000.

City Manager Henrickson pointed out that in his opinion Winzler & Kelly has served this community very well and he did not plan on severing that relationship. Additionally, he said the City Manager as well as the Finance Director needs back-up to be able to achieve the goals of the City Council.

Lastly, he told the Council that they should do whatever possible to retain qualified employees, pointing out that it is very costly to replace personnel.

Councilmember Marks asked if the City would lose the capability of obtaining grants; City Manager Henrickson stated we would not but we would have a greater role in project management. He indicated the City would be sending out Requests for Proposals for contract engineering simply because it has been a number of years since it was last done.

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Mayor Woodall questioned the possibility of having an in-house City Planner shared with another City, as opposed to a Contract Planner. City Manager Henrickson stated that was a possibility that could be explored.

City Manager Henrickson said as a matter of priority the first thing that should be done is to adopt the budget; fill the newly created positions; complete the audit; then work on other items such as the budget module implementation.

A Special Meeting was scheduled for June 29, 2010 at 5:00 P.M. for final review and adoption of the 2010-2011 Fiscal Year Operations Budget.

ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 6:36 P.M. to the June 29, 2010 Special Meeting.

Julie Woodall, Mayor

Attest:

Karen Dunham, City Clerk