

MT. SHASTA CITY COUNCIL SPECIAL MEETING WORKSHOP MINUTES

Monday, May 6, 2013; 6:30 p.m.

1. Call to Order

At the hour of 6:30 p.m. Mayor Moore called the meeting to order and led the audience in the Pledge of Allegiance.

2. Roll Call

Present: Council Members Michael Burns Sr., Jeffrey Collings, Geoff Harkness, Tim Stearns, and Mayor Tom Moore

Absent: None

3. Public Comment:

No public comments were noted.

4. Discussion and Possible Action RE: Report On the Business Outreach Walk

At the hour of 6:32 p.m. City Manager Marconi introduced the item.

Council Member Harkness stated that CEDAC had talked about the Outreach Walk at their last meeting and he noted that some of the questions that the businesses will be asked by those participating in the Business Outreach Walk would pertain to the economic development efforts the Council is interested in.

Council Member Stearns stated he would be unavailable from May 10th through May 31st.

Mayor Moore suggested everyone should get ahold of City Manager Marconi or Deputy City Clerk Studer and give them their availability. Mayor Moore made the observation this type of Outreach Walk has been conducted by other cities and provides a way for businesses to convey their ideas and concerns.

5. Budget Workshop: Proposed FY 2013 – 2014 Budget

At the hour of 6:37 p.m. City Manager Marconi introduced the item noting this was the first budget workshop on the General Fund. City Manager Marconi stated staff had provided Council with a baseline budget that is an operating budget based on the City's normal annual operation. City Manager Marconi stated he was happy to say that the budget is within a couple hundred dollars of being a balanced budget by matching current year revenues to current year expenditures. City Manager Marconi stated the baseline budget takes into account all of the day-to-day operations of the City. City Manager Marconi stated the balance of the items presented to Council tonight is a recap of the revenue projections, the project list that Council had considered as a part of the Capital Improvement Program, and a list of Department Head Requests or one time expenditures that have to be made next year has also been provided for Council's consideration or items that were funded in the current year but have not been completed and would roll over into the upcoming year. City Manager Marconi stated that although the baseline budget is relatively balanced, it does not include all of the projects staff would like to do next fiscal year. City Manager Marconi noted it appears the City would be coming into the next fiscal year with a carryover of a little over \$470,000 which amounts to about 16% of the baseline budget. City Manager Marconi noted the City's target range for reserves has been between 8-12%. City Manager Marconi made the observation there is enough excess in the reserves in order for the City to do some of those one time expenditures in the upcoming year without impinging on the baseline budget. City Manager Marconi cautioned that those expenditures coming out of the reserves are essentially going to be one time expenditures or if they are ongoing expenditures such as salaries, then the City would need to project there would be additional revenues in the following years to cover those expenses because the City cannot continue to fund ongoing programs out of reserves for an indefinite period of time. City Manager Marconi then turned the discussions over to Finance Director Terrell so she could provide a review to Council and then Council would have the opportunity to ask any questions they may have. City Manager Marconi suggested following Finance Director Terrell's introduction, the Department Heads would be given the opportunity to present their items listed on page 15 of the agenda packet which are the additional requests that would have to be funded from the excess reserves.

At the hour of 6:41 p.m. Finance Director Terrell presented the staff report. Finance Director Terrell clarified that the budget being presented does not include the items on page 15 of the Agenda Packet, however it does include the regular step increases for those individual staff members eligible for such step increases in the next fiscal year.

Finance Director Terrell noted the City has begun its negotiations with bargaining units and the City continues to operate with one less Police Officer, a half-time Code Enforcement Officer, one less Dispatcher, one less Public Works position (½ Enterprise and ½ General Fund), and no Part-Time Clerical Position. Finance Director Terrell pointed out she has not budgeted to replace any of those positions.

Mayor Moore made the observation that the unavoidable expenses, appearing on page 15, that were not currently a part of the budget and which Council would have to make a part of next year's budget would result in a shortage of revenues for next year of about \$24,000.

Finance Director Terrell responded that Mayor Moore was correct. Finance Director Terrell pointed out that the reserves were anticipated to be at 16 % so there would be enough in reserves to pay for those expenditures without going below the desired range of 8 % - 12 % for reserves. Finance Director Terrell clarified that the reserves would be at about 10 % should Council decide to approve all of the additional expenditures listed on page 15 of the Agenda Packet. Finance Director Terrell clarified that 1 % of reserves is equal to \$28,000. Finance Director Terrell stated the intent of the information provided for Council on page 15 is to give Council the opportunity to determine those items of most importance that would be funded.

Council Member Stearns requested the Finance Director to present the pros and cons for including each of the items on the list on page 15 in the budget.

City Manager Marconi suggested it would be more appropriate for the Department Heads to provide Council with that information when they have their opportunity to present the items on the list for their respective departments.

Finance Director Terrell agreed that it would be better for the Department Heads to present that information because they would be more knowledgeable as to the reasons for their having requested these additional items for their department.

Council Member Stearns made the observation that these additional items would put the City in a \$190,000 negative position and the City would not have a balanced budget. Council Member Stearns asked why the items could not be postponed until next year's budget.

City Manager Marconi stated an objection to Council Member Stearns couching it in the terms that if the the list of items being recommended by staff on page 15 were approved, those expenditures would result in a negative budget. City Manager Marconi pointed out staff would never make such a recommendation except in a situation where the City has a very dire situation and the City has to use reserves to cover ongoing expenditures. City Manager Marconi stated that staff has provided Council with a budget that would carry out the day-to-day operations of the City based on the revenues that are expected to come into the City next year. City Manager Marconi stated these things that have been put on the list on page 15 are other requests the Department Heads have made or that staff has identified that need to be looked at for the upcoming year. City Manager Marconi stated staff would only be recommending these things if the City has a reserve to carry it forward. City Manager Marconi stated Council has the ability to do these things or to carry a higher amount in reserve. City Manager Marconi pointed out his recommendation to this Council for the last 15 years has always been that the City's reserves should be in the 8 % - 10 % range because that allows the City to deal with any major contingencies or disasters that may arise but doesn't leave money in the bank that the City should be using to help provide services to the citizens of Mt. Shasta in the best way possible.

Each of the Department Heads was given the opportunity to address the items on the list relating to their Department or which had been included on the list on page 15 based upon their request. The following comments were noted:

- Public Works Director Bryan made the observation the Snow Plow tires being requested are for the 1989 Snow Plow which still has its original tires. Public Works Director Bryan suggested the tires could probably go another year without having to being replaced. Public Works Director Bran stated there are some pretty big chunks taken out of the tires but if this were not funded and if something did happen then the affected tire or tires could be fixed or replaced as an emergency item.

Public Works Director Bryan stated the downside might be that the Plow might be down during a storm. Public Works Director Bryan noted the actual replacement cost for the Snow Plow tires is \$10,000 not \$6,000. Public Works Director Bryan made the observation there would be enough funds in the account to purchase tires for this Snow Plow without these additional monies, however should another purchase be required for one of the other vehicles there would be no funds left in the account for such a purchase. Public Works Director Bryan stated support for making the \$75,000 transfer to the Equipment Replacement Fund due to a need to replace one of the City's dump trucks that has been red tagged by the California Highway Patrol. Public Works Director Bryan stated a new dump truck would cost approximately \$100,000.

- Police Chief Cross noted the Traffic Study was needed in order to reevaluate speed limits in the City and for the Police Department to be able to issue traffic citations using radar. Police Chief Cross stated the monies for training of Dispatch is to keep staff up-to-date in terms of the law and to pay for the two-week training required for new hires. Police Chief Cross noted that Dispatchers are required to complete 24 hours of Continuous Professional Training (CPT) every two years.
- Fire Chief Melo stated the Fire Department would not need the amount of \$12,000 as requested for the heater for Station II because Ray Mac's owner John McDowall has donated a propane heater to the Fire Department for the Station and the only expense now would be for the labor for installation of the heater and the ducting for the system. Fire Chief Melo stated the Fire Department is asking for seasonal employees and overtime for the employees who are currently on staff. Fire Chief Melo noted the two Fire Department employees are working four 24 hour shifts. Fire Chief Melo stated he would like the opportunity to meet with the City's Finance Director, City Manager, and a Council Member to talk about overtime options for the Fire Department. Fire Chief Melo suggested one option is that the employee would be on duty from 8:00 a.m. – 6:00 p.m. and if the employee is called in after midnight to 8:00 a.m the next morning the employee would receive overtime pay for hours worked. Another option would be that after 6:00 p.m. no one would respond to calls until the next morning beginning at 8:00 a.m. Fire Chief Melo noted the Council would need to consider the options presented in order to decide which of the options the City Council would be willing to implement. Fire Chief Melo stated the two seasonal employees being suggested for the Fire Department would work from June 1-October 31st of each year and would receive \$10.00/hour for 40 hours of work per week with an additional cost for the state and federal benefits the City is responsible for paying for its employees. Fire Chief Melo stated another possibility would be to split the amount for renting a house with the Mt. Shasta Fire Protection District that would allow for a Sleeper Program in which students who are attending the Firefighter Academy at COS could participate in, which would supplement both departments. Fire Chief Melo noted the Sleeper Program would provide free labor to the Fire Departments with the only cost to them being the amount being paid to rent a home that could be used for the students to live in. Fire Chief Melo noted the biggest problem with the Sleeper Program is that there needs to be some type of oversight of the participants. Fire Chief Melo suggested there could be dormitory rules and regulations and checkups. Fire Chief Melo made the observation the Sleeper Program would provide for coverage when the seasonal employees might be called out to a fire out of the area. Fire Chief Melo noted the students would be attending classes four days a week at COS and their services would be volunteer. Fire Chief Melo noted the City now has 20 volunteers and with those returning to CalFire over the summer that number is down to two to four people in addition to the City's two staff members. Fire Chief Melo noted that work is now taking place on forming a JPA for fire services. Fire Chief Melo concurred with Council Member Stearns' observation that the seasonal employee cost would not be a one-time expense for the City. Fire Chief Melo made the observation that were the City to pay overtime for all of the overtime that he and the Assistant Fire Chief put in the City would go broke, however there is a line they have to draw in terms of how much overtime they do put in.

Fire Chief Melo stated the belief there were ways the City and the two full time Fire Department staff members could work together to make both sides happy and still provide very good service to the public. Fire Chief Melo noted there are many ways to provide overtime to public safety employees.

- City Manager Marconi explained the items presented by the City Planner and noted the Housing Element Update is due next year and the City Planner would prepare as much of the Housing Element in house as is possible, however there would be some outside consulting services required to complete the project.

City Manager Marconi stated the need to be aware that if Council approves additional salaries and or benefits, those items would be ongoing rather than being one time only costs and approval of them would be based on the fact the City would have increases in revenues in future years to be able to cover them. City Manager Marconi clarified that staff believes there is enough reserve money to do some of these additional requests out of the reserves. City Manager Marconi stressed the importance of funding equipment replacement every year in the amount of \$75,000-\$115,000 per year to cover the depreciation of equipment. City Manager Marconi pointed out the Fire Department personnel items being requested would result in a complete restructuring of fire services in Mt. Shasta than has been used for the last 75 years because the City has always used a volunteer Fire Department, and before that the Fire Department had only 1 paid employee being the Fire Chief and now it is being run with 2 paid employees with an Assistant Fire Chief. City Manager Marconi stated the proposal is to run it with a paid Chief, 2 Seasonal Firefighters, and an Assistant Chief plus overtime which would require continuing costs rather than being a one-time only cost.

Council Member Collings made the observation that there are items listed on page 15 that appear to him to be ongoing items that should be included in the baseline budget rather than being requested as additional one-time expenditures.

Council Member Stearns agreed and made the observation Council has been making the transfer to the Equipment Replacement Fund for more than a decade. Council Member Stearns agreed with City Manager Marconi's observation that were the Council to approve the Fire Department personnel changes being requested this year then the Council would be expected to budget them in future years and it would become a part of the baseline budget. Council Member Stearns agreed that over \$100,000 on the list looks like it would fit into the baseline budget.

Each member of the City Council reviewed the items listed on page 15 of the Agenda Packet and indicated a lack of support for specific items on the list as follows:

Council Member Burns: Stated his support for all of the additional budget items as listed on page 15.

Council Member Stearns: Modify the \$5,000 amount for computers to \$3,000; Defer the overtime and benefits related to the Fire Department until further discussion can take place regarding these items; Defer the Heater until better information is available as to final cost; Modify the \$6,000 amount for tires for the snowplow to \$3,000; Defer the \$1,000 for purchase of desks for the front office for another year; Remove \$2,500 for the Arborist.

Mayor Moore: Modify the \$5,000 amount for computers to \$2,000; Defer the Heater until more information is available as to final cost for the heater; Modify the \$75,000 transfer to equipment replacement to \$22,000; Modify the \$6,000 amount for tires for the snowplow to \$3,000; Remove the \$2,500 for an Arborist.

Council Member Harkness: Remove the \$2,000 for Council Travel; Remove the \$16,000, \$18,000, and \$5,000 for the Fire Department part-time, overtime, and benefits until a firm plan is put in place; Defer the \$12,000 amount for the Heater until more information is available as to its amended final cost; Remove the \$75,000 for transfer to the equipment replacement fund and keep those monies as part of the reserves; Remove the \$6,000 for tires for the snowplow; Remove the \$1,000 for front office desks; Remove \$2,500 for the Arborist.

Council Member Collings: Stated his support for removal of items or deferral of items as suggested by Council Member Harkness.

Summary of Results:

- Fire Department overtime and benefits are removed until a firm plan has been put in place as to how to provide for medical services
- Heater for Fire Station #2 is deferred until better information as to cost is available regarding the cost for installation of the used heater being donated to the City by Ray Mac Mechanical
- Transfer to Equipment Replacement – Tie Vote of 2 in support of transferring & 2 in support of leaving the funds in the reserves until it is needed and 1 vote to reduce the \$75,000 to \$22,000
- Tires for the snowplow – Tie Vote of 2 to remove & 2 to reduce to \$3,000 and 1 vote to leave at \$6,000
- Remove the \$1,000 for front office desks
- Remove the \$2,500 for an Arborist

Mayor Moore suggested creating a committee made up of Council Member Harkness, Fire Chief Melo, and Finance Director Terrell to come up with a plan to either allow for overtime for the full time Fire Department employees, not allow for overtime pay, or use the committee to come up with recommendations for Council's consideration. Mayor Moore asked whether Council would like some options brought back to Council that would present different options for overtime models or is it something Council should take off the plate this year?

Council Member Stearns made the observation that it would be helpful to further explore the options available. Council Member Stearns stated support for a committee that could consider the options and bring them back for Council's consideration.

Finance Director Terrell stated the understanding there are 4 Council Members who wish to put the Fire Department personnel requests on hold until the matter could be investigated further. Finance Director Terrell made the observation that a committee would be appropriate to do that.

Council Member Harkness stated his support for the committee.

Council Member Collings requested to be on the committee too because it would help him understand the budget better.

Mayor Moore agreed to add Council Member Collings to the committee. Mayor Moore introduced Mr. Butzlaff who would be presenting information to the Council regarding the City Manager recruitment process.

City Manager Marconi noted the correlation between the information Mr. Butzlaff was going to provide and the City's budget discussions. City Manager Marconi cautioned the Council that this was not the time to be negotiating but as Mr. Butzlaff's information could affect the budget, it is germane to this discussion.

Council Member Stearns stated he was not willing to make any changes to the salary range the City is advertising for the City Manager position.

Council Member Harkness asked as to the number of applications received to date as it may be relevant and important to this discussion. Council Member Harkness stated his hesitation in changing the salary range mid-course.

Council Member Collings suggested waiting until closer to the deadline date, as the majority of applications would probably be received closer to that date.

Mr. Butzlaff expressed concerns regarding the number of applications received to date. Mr. Butzlaff noted it is up to Council whether to change the salary range or not but he felt Council should have such a discussion.

Council Member Collings stated he did not support raising the salary range.

Council Member Burns stated his reluctance in making a change in the salary range right now as this is mid-course, however he is interested in the numbers.

Mayor Moore stated he is not willing to change the salary range either and suggested staying the course.

Mr. Butzlaff stated that 46 applications have been received to date and of those, 26 do not meet the qualifications set forth by the Council. Mr. Butzlaff noted that 14 of them come close to meeting the qualifications and only about 1/3 of those have direct City Manager/City Administrator experience and one has Redevelopment experience. Mr. Butzlaff stated he has prepared and provided to City Manager Marconi a draft supplemental questionnaire which could be considered at the next regular meeting during Closed Session as can the topic of setting up a review committee during open session. Mr. Butzlaff stated the importance of determining whether there would be a review committee that would look over the applications with City Council at the outset, as well as how big that committee would be and how it would be formed, because the members would need to be notified of their appointment ahead of time so they could be appointed at the May 28th meeting should they be willing to serve.

Council Member Stearns and Burns stated they would not be present at the May 13th meeting and it was suggested they could submit their comments in writing regarding the items Mr. Butzlaff had mentioned.

Mayor Moore suggested and asked for Council's support that the appointments would be made by the Mayor.

Council Member Stearns stated he would not agree with that because the Council would be choosing a new City Manager. Council Member Stearns stated the understanding that Mr. Butzlaff was suggesting the committee members could be made up of members from community groups should Council so desire and the committee members would be chosen by the Council Members.

Mr. Butzlaff stated he had also prepared a 2 page screening tool that could help the City Council and the citizens group during the process.

City Manager Marconi stated that Mr. Butzlaff had also brought up the issue of the City's use of the verbiage "California experience desirable" in its advertisement which may act as a deterrent to those outside of California. City Manager Marconi pointed out the ICMA ad would run for 60 days and noted their organization is primarily aimed at those outside of California so he would suggest that ad be modified by striking the verbiage from the ICMA ad and see if that changes the number of applications being received from out of state. City Manager Marconi noted such a modification to the ad could be done at no cost to the City. City Manager Marconi made the observation it might bring in more out of state applications were the City to modify the ad.

Mayor Moore noted the concurrence of Council to make the suggested modification to the City's ICMA advertisement.

Mr. Butzlaff noted there are other on line ads that he could also modify were Council agreeable.

Council Member Stearns concurred with Mayor Moore's observation that it is not the number of people that submitting applications, it is the quality of the applicants that matter.

Mayor Moore made the comment that the City would only need one.

6. Adjourn

There being no further business before the Council, the meeting was adjourned at the hour of 9:39 p.m. to the next Regular City Council Meeting to be held on Monday, May 13, 2013 at 6:30 p.m.

Respectfully Submitted,

Sandra K. Studer

Sandra K. Studer, Deputy City Clerk
For John E. Kennedy Sr., City Clerk