

**MINUTES OF THE ADJOURNED REGULAR MEETING OF THE
CITY COUNCIL AND COMMUNITY DEVELOPMENT COMMISSION
OF NATIONAL CITY, CALIFORNIA**

June 8, 2010

The Adjourned Regular Meeting of the City Council and Community Development Commission of National City was called to order at 6:05 p.m. by Mayor Ron Morrison.

ROLL CALL

Council / Commission members present: Morrison, Sotelo-Solis, Van Deventer, Zarate.

Administrative Staff present: Babaki, Dalla, Deese, Duong, Eiser, Gonzales, Hodges, Ladrado, Raulston, Smith, Stevenson, Zapata.

NON CONSENT RESOLUTION

PERSONNEL ADMIN (604-6-1)

1. Resolution No. 2010-121. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY AUTHORIZING THE CITY MANAGER TO IMPLEMENT A ONE-TIME INCENTIVE BASED VOLUNTARY SEPARATION PROGRAM FOR ELIGIBLE FULL-TIME, CAREER EMPLOYEES OF THE CITY OF NATIONAL CITY. (Human Resources)

RECOMMENDATION: Adopt the Resolution with inclusion of omitted language in Sub-Section B.

TESTIMONY: None.

ACTION: Motion by Van Deventer, seconded by Zarate, to adopt the Resolution with the corrected language. Carried by unanimous vote.

BUDGET WORKSHOP

2. City Manager Chris Zapata, Assistant City Manager Leslie Deese, and Finance Director Jeanette Ladrado collaborated on presentations regarding the Incentive Based Voluntary Separation Program, the FY 10-11 Preliminary General Fund Budget, FY 10-11 CDC Budget and the Proposed Sewer Loan for Street Re-pavement Program. (See attached Exhibit 'A')

BUDGET WORKSHOP (cont.)

2. City Manager Chris Zapata, Assistant City Manager Leslie Deese, and Finance Director Jeanette Ladrado collaborated on presentations (continued).

ACTION: Motion by Van Deventer, seconded by Sotelo-Solis to authorize (1) a \$1 million contingency reserve for Voluntary Separation Incentives, (2) \$1.5 million Sewer Fund loan for Street Resurfacing Project, (3) approve \$245,000 CIP transfers to the General Fund, (4) approve reduction in Library operating hours and Community Services with details and recommendations to be brought back and (5) reinstate Development Services Fees. Carried by unanimous vote with Member Van Deventer abstaining on Item #5.

3. **PUBLIC COMMENT**
None.

4. Community Services Director Brenda Hodges requested an item be added to the Agenda. The item involves the upcoming Concert in the Park.

RECOMMENDATION: Add the item to the agenda and approve a change in date to September 18th and a change in the music format to Oldies-Classical Rock.

ACTION: Motion by Van Deventer, seconded by Zarate, to add the Item. Carried by unanimous vote.

Motion by Sotelo-Solis, seconded by Van Deventer, to approve the date change and music format. Carried by unanimous vote.

ADJOURNMENT

Motion by Van Deventer, seconded by Sotelo-Solis, to dispense with the Regular City Council and Community Development Commission Meeting of June 15, 2010 and Adjourning to an Adjourned Regular City Council and Community Development Commission Meeting - Tuesday - June 22, 2010 - 6:00 p.m. - Council Chambers - National City, California. Carried by unanimous vote.

Next Regular Adjourned City Council/Community Development Commission Meeting - Tuesday - June 22, 2010 - 6:00 p.m. - Council Chambers, Civic Center

The meeting closed at 7:42 p.m.



City Clerk

The foregoing minutes were approved at the Regular Meeting of November 9, 2010.



Mayor



FY 2010-11 Budget Update

June 8, 2010

Agenda

Incentive Based Voluntary Separation Program	Assistant City Manager
FY 10-11 Preliminary General Fund Budget	Finance Director
Sewer Loan for Street Re-pavement program	City Manager
FY 10-11 Preliminary CDC Budget	Finance Director
Public Comment	Community
City Council Comments and Direction	City Council

Background

- In response to City's projected structural deficit, cost saving suggestions to reduce expenditures and generate revenue & expenses have been presented
 - 226 suggestions from CARE Committee
 - 81 suggestions from labor & management
 - May 25, 2010 City Manager presentation to City Council – Three Tier approach
 - City Manager's Comments

Background

- To create ongoing personnel related savings, on May 25, 2010 City Council authorized an expenditure of up to \$1M to incentivize eligible full-time, career employees to voluntarily separate from City employment

Managed Attrition

- Incentive Based Voluntary Separation Program - Component of Managed Attrition
- Model Program designed to create savings and eligibility will consider extent of cost savings achieved through retirement or resignation
 - Limited to employees in positions where retirement or separation results in reduction of a position or ancillary position
- **One-time** expenditure of up to \$1M
 - Eligible full-time, career employees
 - First come, first served basis

The Program

- Voluntary Retirement Incentive Program
 - CalPers retirement with 2 years service credit purchased by City
 - Completed at least 5 years of service with City
 - At least 50 years of age
 - Subject to approval by City Manager based on achieving cost savings
 - Must voluntarily retire between June 24, 2010 and September 20, 2010 – CalPers 90 Day Enrollment Window
- Voluntary Separation Program
 - One time cash payment & one year medical benefits (employee only) purchased by City
 - Equals \$5,000 plus \$1,000 for each year of service
 - Completed at least 5 years of service with City
 - Subject to approval by City Manager based on achieving cost savings
 - Must voluntarily retire between June 24, 2010 and September 20, 2010

Economic Impact – Cost Savings

- Limited to employees in positions where retirement or separation can result in reduction of position or ancillary position
 - City Manager determination
- Creates on-going personnel related savings
 - Savings in base salary & benefits
 - Escalating health care & retirement costs
- Assumptions: 10 employees (6 misc; 4 safety)

Assumption Scenarios - Costs

Purchase of Service Credit

Annual increased cost
of plan (20 years)....\$47,061
 Retiree Medical.....\$18,360
 (annual ongoing)
 Ongoing Subtotal \$65,421

Voluntary Separation Program

Buy Out.....\$328,000
 One Year Medical
 (Employee Only)..... \$ 47,674

Total x 20 years.....\$941,220

Both Scenarios

Leave Cash Out One time Cost.....\$152,383

Economic Impacts – Purchase of Service Credits

Ongoing Annual Costs (Plan Cost & Retiree Medical) = \$65,421
Salary & Benefits Savings = \$1,036,359
Current year savings \$970,938 minus \$152,383 (leave cash out one time cost)
Equals total current year savings = \$818,555

Future Ongoing savings = \$970,938

Will spend up to \$1M to save \$818,555 this year and future ongoing savings would be \$970,938* annually

* Ongoing savings realized only if the positions are not filled

Economic Impacts - Voluntary Separation Program

Employee Buy Out = \$328,000
Plus One Year Medical
(Employee Only) = \$ 47,674
Plus Leave Cash Out = \$152,383

Equals Total One Time Cost of \$528,057

Salary & Benefits Savings = \$1,036,359
Minus leave cash out, medical & employee buy out (one time costs)
Equals Current Year Savings of \$508,302

Will spend up to \$1M to save \$508,302 this year and future ongoing savings would be \$1,036,359*

*Ongoing savings realized only if the positions are not filled

Next Steps

- Adopt Resolution authorizing the City Manager to implement a one time incentive based voluntary separation program for eligible full-time, career employees of the City of National City
- Employees will be able to apply for program effective June 14, 2010
- Employee Informational Meetings have tentatively been scheduled for June 15 & 16, 2010
- Resolution to commence CalPers enrollment to City Council on June 22, 2010

Questions/Comments



General Fund
Preliminary Budget
FY 2010-11

Council Directed Actions

- January 30 Midyear budget review
- February 16 Adopted midyear changes
- Feb-Mar Presentations to
Neighborhood Councils
- April 6 FY 2010-11 Budget Update

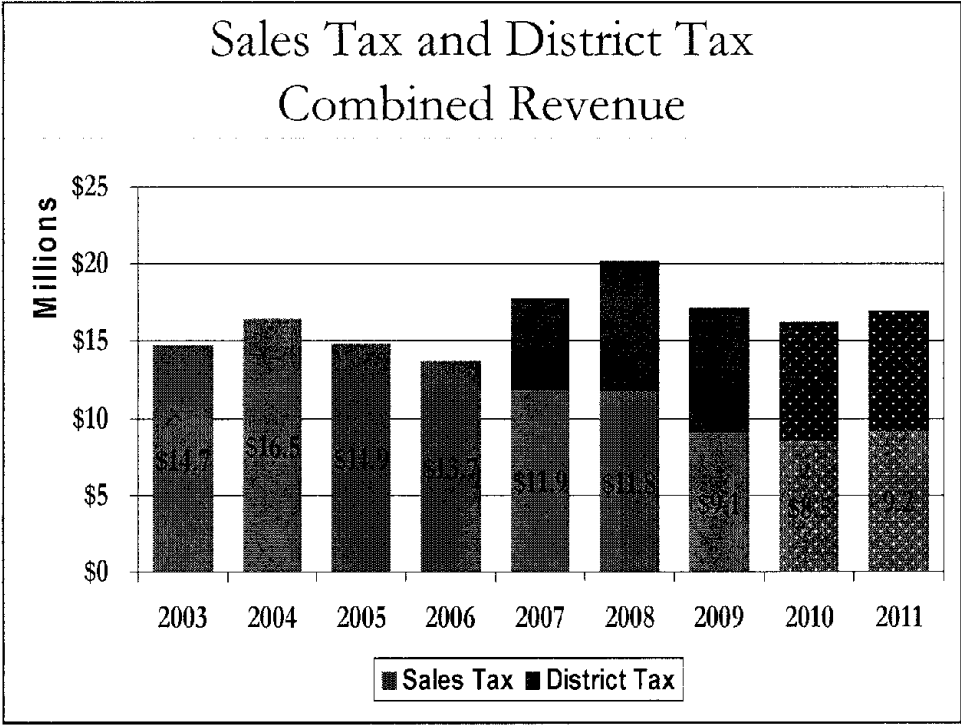
Key Dates

- May 11 Community Budget Workshop
- May 18 Budget update
- May 25 Budget Workshop
- June 5 Neighborhood Council Breakfast
- June 8 Budget update
- June 22 Budget Adoption
- July 1 FY 10-11 Budget available on
the City's website

FY 10-11 Preliminary General Fund

	Subtotal	Total
Estimated Revenues & Transfers in	37.0 M	
Contingency Reserve Contribution	1.0 M	
TOTAL REVENUE & TRANSFERS		38.0 M
Estimated Expenditures & Transfers Out	\$ (37.0 M)	
Amount needed for Voluntary Separation	(1.0 M)	
TOTAL EXPENDITURES & TRANSFERS		(38.0 M)
Estimated Surplus/Deficit	BALANCED	

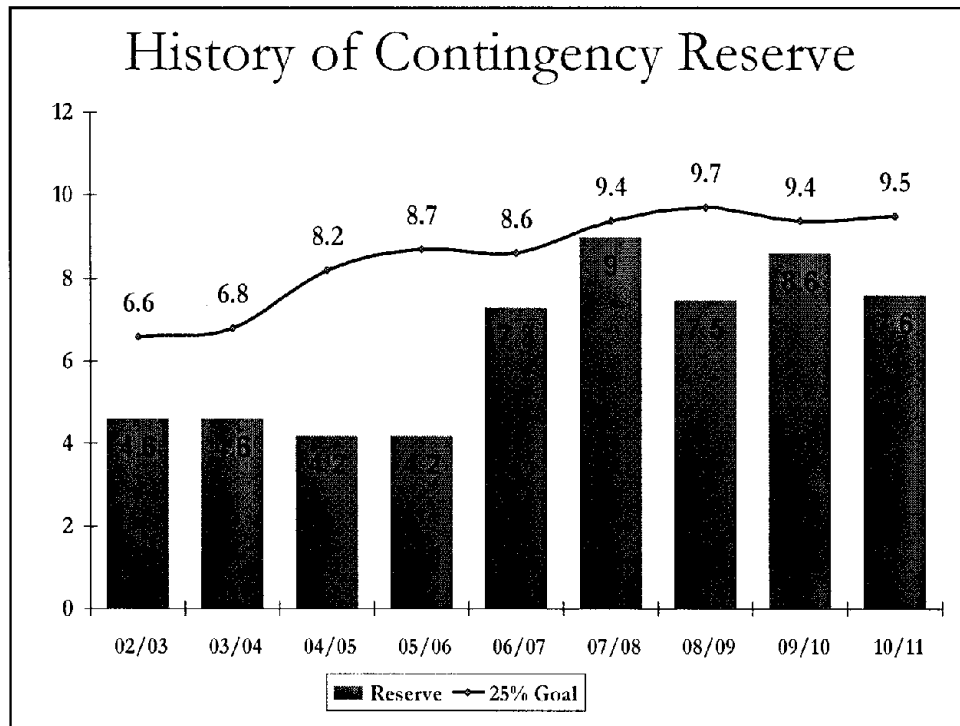
Sales Tax and District Tax Combined Revenue



General Fund Contingency Reserve

General Fund Policy: ... range between 25% and 50% of a single year's General Fund operating expenditures

- FY 10-11 Estimated General Fund expenditures = \$38 million
 - Reserve will be at 20%, which is \$1.9 million below target level of \$9.5 million
 (\$38 million x 25%)



One Time Funding Transfers to the General Fund

Telecommunications Revolving Fund	900,000
Parks & Recreation Capital Outlay Fund	575,000
Liability Insurance Fund	400,000
General Services	200,000
General Accounting Services	200,000
Unemployment Insurance Reserve	200,000

Total transfers = \$2,475,000

Adjustments to Internal Charges

No funding for the following:

- Office Equipment Depreciation
- Telecommunications Revolving
- Unemployment Reserve

Modified funding for the following:

- Facilities Maintenance
- Liability Insurance
- General Accounting
- General Services
- Motor Vehicle Services

Savings to the General Fund over \$800,000

Vacant Positions Not Funded *

Department	Position	Full-Time Equivalence	Savings
City Manager	Management Analyst III	1.00	\$94,076
	Public Information Officer	1.00	\$94,219
	Executive Assistant IV	1.00	\$84,411
	Management Intern	1.00	\$36,494
Community Services	Recreation Superintendent	1.00	\$97,557
	Administrative Secretary	1.00	\$61,220
	Food Service Worker	1.00	\$29,828
Building	Building Inspect/Plan Exam	1.00	\$87,813
	Senior Building Inspector	1.00	\$81,037
Fire	Battalion Chief (Admin)	1.00	\$139,800
	Reserve Coordinator	0.25	\$13,485

* General Fund, Library Fund, Parks Fund & Nutrition Center

Vacant Positions Not Funded *

Department	Position	Full-Time Equivalence	Savings
Engineering	Management Analyst II	1.00	\$87,903
	Associate Engineer – Civil	1.00	\$85,032
	Management Intern	0.50	\$17,237
	Civil Engineering Tech	1.00	\$79,796
Library	Principal Librarian	1.00	\$107,170
	Senior Library Technician	1.00	\$64,628
Human Resources	HR Analyst	0.88	\$77,355
	Management Intern	0.44	\$15,169
Public Works	Tree Trimmer	1.00	\$60,110
	Senior Park Caretaker	1.00	\$68,374
	Seasonal Park Aide	0.50	\$13,365

* General Fund, Library Fund, Parks Fund & Nutrition Center

Vacant Positions Not Funded *

Department	Position	Full-Time Equivalence	Savings
Planning	Associate Planner	1.00	\$85,032
	Senior Office Assistant	0.50	\$17,586
Police	Animal Control Officer	1.00	\$74,901
	Community Services Officer	1.00	\$62,466
	Crime Scene Specialist	1.00	\$74,913
	Police Corporal	1.00	\$133,504
	Police Records Clerk	0.98	\$34,519
Community Development	Parking Regulations Officer	1.00	\$57,678
	Code Conformance Officer	0.33	\$28,264
City-Wide Unfunded Positions		27.38	\$2,334,942

* General Fund, Library Fund, Parks Fund & Nutrition Center

Capital Improvement Projects - transfer \$165,000 to the General Fund

The following projects were approved by the CIP committee to release funding:

Library Flooring/Counter	10,000
Las Palmas Pool Elect Room	50,000
Casa De Salud Roof	15,000
Kimball Rec Roof	20,000
Kimball Park Transformer	40,000
Las Palmas Pool Drains	<u>30,000</u>
Total to General Fund	165,000
Civic Center Electric Room*	9,000

* Recommend funds to go back to Civic Center Refurbishing Fund

Council Priorities

- No reduction in services in the following:
 - Nutrition Center Program
 - Code Enforcement Program

Implementation of Service Reductions

- Voluntary Separation Incentive Program
- Reduced Library Service from 7 days operation to 4 or 5 day operation
 - Requires Council Direction on phased approach
- Reduced Community Services Programs
 - Requires Council Direction on phased approach

Police Department

- Managed attrition & retirement incentive
 - Freeze up to 10 sworn police positions over a 2 year period
- Reduce police programs such as K9, SWAT, School Resource Officers
 - Subject to labor negotiations

Assumption: \$ 800,000 department savings

Fire Department

- Managed attrition & retirement incentive
- Fee increases and contract negotiations
- Drop to 3 fire fighter staffing level
 - Subject to labor negotiations

Assumption: \$500,000 department savings

Public Works

- Transfer positions from GF to Restricted Funds
- Managed attrition and retirement incentives
- Reduced programs & services
 - Street sweeping
- Postpone capital projects
- Defer maintenance of equipment

Assumption: \$400,000 department savings

Development Services

- Managed attrition and retirement incentives
- Reversal of fee rollback in Development Services

Assumption: \$400,000 department savings

Library

- 4 or 5 day library operation
 - Service reduction in part time staff
- Managed attrition and retirement incentives

Assumption: \$200,000 in department savings

Community Services

- Managed attrition and retirement incentives
- Close recreation centers one day a week
- Close senior center and pool on Sundays
- Reduce staffing at community events
- Reduce Neighborhood Councils program

Assumption: \$200,000 in department savings

FY 2010-11 Budget Plan

- Staff will closely monitor the General Fund budget and will update council on budgetary goals on a quarterly basis
- Staff will recommend revisions to the budget in Mid-January
- If department savings assumptions are NOT met, there are 3 options:
 - Use contingency reserves again or
 - Service Reductions or
 - Combination of both

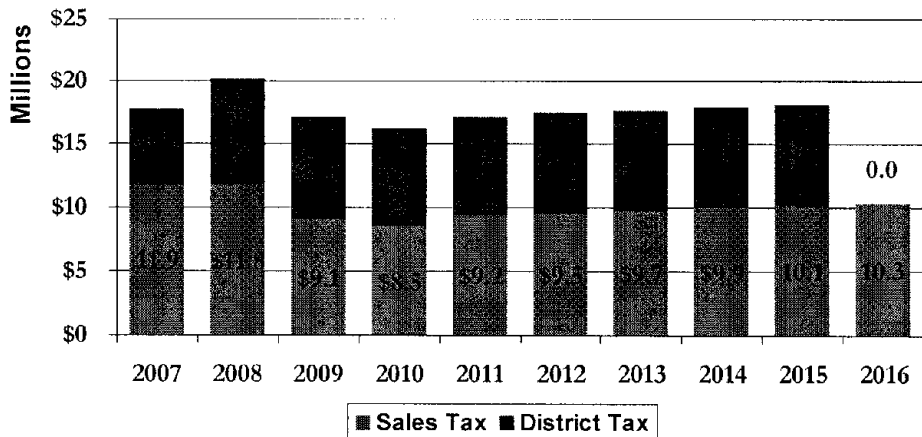
Budget Forecasts

Description	FY 11-12	FY 12-13
Estimated Revenue *	35.4 M	36.1 M
Estimated Expenditures **	37.6 M	38.7 M
Surplus/ <Deficit>	<2.2 M>	<2.6 M>

* Excludes one time transfers from other funds. Assumes a 2% increase in overall revenues.

** Includes reallocation of overhead from General Fund to CDBG of \$500,000. Also includes subsidies to Library, Parks and Nutrition Center. Assumes a 3% increase in overall expenditures.

Projected Sales Tax and District Tax 2016 – District Tax terminates



*Assumes District Tax @ \$ 8 million/year and Sales Tax increase @ 2%/year

\$1.5 million loan from the Sewer
Fund for Street Resurfacing Project

Purpose of the \$1.5 million loan

- Continue paving program in the Neighborhoods
- Take advantage of favorable bidding environment
- Save money by fixing streets vs reconstruction
- Now is the time to continue investment in infrastructure

FY 10-11 Street Resurfacing Funding Sources

Funding Source	Amount
Sewer Loan *	\$ 1,500,000
Prop A, Prop 1B, Gas Tax (Prop 42)	2,500,000
Safe Routes to School	200,000
Total	\$ 4,200,000

* Subject to Council approval

Loan Payment Schedule and available funds for street maintenance

Fiscal Year	Payment Date	Payment Amount	*Minimum Projected Remaining Funds for Maintenance
2010-2011	June 30, 2011	200,000	4.2 million program
2011-2012	June 30, 2012	250,000	250,000
2012-2013	June 30, 2013	325,000	300,000
2013-2014	June 30, 2014	350,000	900,000
2014-2015	June 30, 2015	435,865	900,000

* Amounts will increase should Proposition 42 pass

Terms of the \$1.5 million loan

- Repayment through Gas Tax Funds and Proposition A Funds beginning June 30, 2011 and final payment is June 30, 2015
- Interest rate is 1.3%
- General Fund will collateralize the debt

Community Development Commission

FY 2010-11 Operating budget

FY 2010-11 Estimated Revenues & Expenditures

Description	Revenue	Expenditures
Tax Increment (80%)	\$ 13.1 M	\$ 12.1 M
Housing Set Aside (20%)	3.1 M	1.3 M
Section 8	9.5 M	9.3 M
HOME	.7 M	.5 M
CDBG	1.4 M	1.4 M

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APPROVE

Council Direction

- 1 • Authorize \$1 million contingency reserve for Voluntary Separation Incentives
- 2 • \$ 1.5 million Sewer Fund loan for Street Resurfacing Project
- 3 • Approve \$165,000 CIP transfers to the General Fund 245,000
- 4 • Library operating schedule detail
 - 4 or 5 day operation?
- 5 • Reduction in Community Services
 - Pool closure on Sundays
 - Recreation center closure one day a week
 - Senior Center closure on Sundays
 - Neighborhood Councils program
- 6 • Development Services Fees AB:V
 - Reinstate 2008 rates or remain at 2005 rates?

Brought BACK w/ detail

Next Steps

- June 22 Budget adoption/additional workshop
- *June 29* *Budget Adoption (if needed)*
- July 1 Budget posted on the City's website
- July 30 Hard copies of the budget available in the finance department
- Mid-November First quarter update of the General Fund budget
- Mid-February Midyear General Fund Budget update