



**CITY COUNCIL & REDEVELOPMENT AGENCY,
HOUSING ASSISTANCE AGENCY AND WATER
AUTHORITY**

MINUTES

Tuesday, June 17, 2010

A Special Joint Meeting of the City Council, Redevelopment Agency, Housing Assistance Agency, and Water Authority was held in the Council Chamber, Pico Rivera City Hall, 6615 Passons Boulevard, Pico Rivera, California.

Mayor/Chairman/President Salcido called the meeting to order at 3:05 p.m. on behalf of the City Council/Redevelopment Agency, Housing Assistance Agency and Water Authority.

PRESENT: Armenta, Camacho, Contreras Rapisarda, Salcido, Archuleta, Salcido

ABSENT: None

1st PERIOD OF PUBLIC COMMENTS – AGENDA ITEMS ONLY: None.

1. Review of Proposed Budget for 2010-2011: General Fund and Redevelopment Agency; Pico Rivera Housing Assistance Agency/Pico Rivera Water Authority

Mayor Salcido stated that this is the 11th Budget Study Session that he has participated in and that he looks forward to the opportunity to truly collaborate with his colleagues regarding reorganization issues in the proposed budget to move the City forward. He asked his fellow council members to listen and attempt to understand the proposal being presented by the Ad Hoc Committee and to be objective as he will do the same with any comments and/or remarks. The proposed budget, he said, was reached through collaboration between the Ad Hoc Committee and City Administration Executive staff.

Assistant City Manager Lopez stated that the budget Ad Hoc Committee consisted of Mayor Salcido, Councilmember Armenta, Assistant City Manager's Lopez and Prang, and Director of Finance Herrera. She stated that the process for preparing the City budget starts in February after the mid-year budget review and that Director of Finance Herrera will provide a summary of the overall financial structure regarding all City funds.

Director of Finance Herrera provided an overview of the City's budget stating that the City's budget is balanced. He stated that the City will receive about \$7 million dollars in sales tax and \$5.5 million in new revenue from Measure P, 1% sales transaction tax. He mentioned the three main categories in the budget as salaries and benefits \$14.9 million; maintenance and operation \$18.7 million and capital \$18.7 million totaling \$33.6 million for Fiscal Year 2010-2011. Job costing, he added, which comes from the general fund and allocated into special funds is proposed at a negative \$1.7 million making the new total \$31.9 million for the proposed fiscal year. Further, he stated new to the general fund is the bond payment at \$1.8 million revising the total to \$34.3 million dollars in the current budget, a difference of \$300,000 in the proposed budget. Staff, he stated, has been involved in solving a preliminary budget gap of \$3.9 million, which was created through a decrease in revenue of \$1.6 million. The budget gap, he mentioned, was solved through job costing \$1.7 million, budget cuts \$700,000, reorganization of administrative staff \$500,000 and carryover of budget \$1 million. The total budget, he added, exceeds \$125 million for all operating and capital budgets combined; however, the City focuses on the general fund operating budget of \$34 million dollars. He continued by highlighting the proposed construction of four City parks at the cost of \$21 million over the next two years, the construction of a new \$16 million dollar library, a deposit of \$1 million into the City's new PEBO (post-employment benefits obligation) retirement fund and \$1 million to the equipment replacement fund for the City's aging fleet and other equipment. The City Council, he stated, wants 25% of the budget set aside for reserves which is equal to \$9 million dollars and would be designated as follows: \$4.5 million for an emergency fund, \$2.5 million economic stabilization fund, and \$2 million undesignated for operations, budget carryovers, capital projects funding, etc.

Each department head including the Sheriff's Department provided a brief summary of how their departments have been able to work within the current budget with all departments and the Sheriff's Department being able to maintain current service levels. Director of Public Works stated that his department could not sustain current service levels if there were further cuts to his department staff.

Council members inquired into the effectiveness of the graffiti tracking system in regard to decreasing crime in the City with Capt. Thornton responding that the City has become a model City for the success of the graffiti tracking system in decreasing crime.

In response to Councilmember Armenta's request to elaborate on the City's investment in technology and how it affects the day-to-day operations, Director of Finance Herrera stated that the City has implemented a citywide accounting software system called an

ERP (Enterprise Resource Planning) system that will provide worker productivity, improved customer service, provide for greater collection of revenues, more accurate reporting, creating a system that makes city hall a virtual city hall, tracking capabilities as well as a new phone system all technological improvements that will allow the City to do more with less. Director Herrera stated that the business community would be notified of these changes through citywide mailers.

Director of Finance also mentioned in response to questions from Council regarding Measure P, that if the City did not have the 1% sales tax increase the City would not be able to construct the four parks and the library, there would be cuts in law enforcement, reductions in Parks & Recreation services, cuts in City positions as well as wiping out the City's reserves.

Mayor Salcido requested that staff speak specifically about the item of reorganization as a structural issue and stated that the budget proposal is a proposal of the Ad Hoc Committee collectively.

Director of Finance stated that the budget proposal is hundred of hours of analysis and that staff did not come to this point easily. He stated that the executive management team and all directors have gone through several discussions looking at the financial sustainability of the City on a long term basis. In terms of the reorganization, he stated, taking advantage of the vacant positions and the new technology, some positions will be folded into one for the sake of efficiency.

Mayor Salcido added that there are four positions that are not being funded and that three of these positions are vacant: two in the finance department, purchasing manager and revenue manager; one in the public works department, senior analyst; and the elimination of one assistant city manager position. He stated that the Ad Hoc Committee consisting of Councilmember David Armenta, Assistant City Manager Debbie Lopez, Assistant City Manager Jeffrey Prang, and Director of Finance John Herrera, and himself collectively agreed that the proposal being presented is the best way forward based on sound fiscal policy.

In regard to the second Assistant City Manager position, Mayor Salcido stated that the Ad Hoc Committee is proposing to eliminate this position; however, there is a new position that is fully funded in the budget and is a hybrid position that would bring more value to the City. This position, a newly created position he said, would deal with intergovernmental relationships, seek grants, write grants, and execute them, and would also serve as the City's Public Information Officer. He added that with this new

position, the City could eliminate its lobbyist contracts saving the City an additional \$80,000.

Councilmember Armenta stated that during the Ad Hoc Committee budget study sessions it was discussed that the second Assistant City Manager position was not needed for a City of our size that is built out. He stated that a position would be created for that person that holds more value for the City and which is more fiscal, prudent and wise and recommended that with the elimination of the second Assistant City Manager position the funds be used to hire public works personnel or used in areas where it is most needed.

Councilmember Armenta left the dais and did not return.

Council members Archuleta, Camacho, and Contreras Rapisarda addressed their concerns by stating that reorganization should take place after a City Manager is hired and were opposed to upper management structural changes and the elimination of the second Assistant City Manager position. Concerns of loss of productivity and how it would affect the City's organization were discussed in terms of the loss of an upper management position and inquiries as to what the cost would be to the City if both Assistant City Manager positions were maintained.

Mayor Salcido reiterated that under the current budget proposal no one would lose their job and that the newly created position is an opportunity to help the City function at its optimum level.

Director of Finance Herrera for clarification purposes stated that the \$500,000 savings includes the elimination of the second Assistant City Manager's position and one position in public works. He also clarified that the cost for two assistant city manager's is \$300,000 each.

Direction was given to staff to amend the budget proposal that eliminates the Ad Hoc Committee's request for reorganization and for clarification purposes Mayor Salcido and Assistant City Manager Lopez clarified that the second Assistant City Manager position would be maintained and that the three vacant positions in the reorganization would not be funded. Funding for the second Assistant City Manager position would come from the economic stimulus reserves.

ADJOURNMENT:

The City Council meeting was adjourned at 5:37 p.m. There being no objection it was so ordered.

AYES: Camacho, Contreras Rapisarda, Archuleta, Salcido

ABSENT: Armenta

Gregory Salcido, Mayor

ATTEST:

Daryl A. Betancur, City Clerk

I hereby certify that the foregoing is a true and correct report of the proceedings of the City Council, Redevelopment Agency, Housing Assistance Agency, and Water Authority Special Joint Meeting dated June 17, 2010, and approved by the City Council on July 13, 2010.

Daryl A. Betancur, City Clerk