

Measure P Oversight Committee Meeting Minutes

May 7, 2013

The Measure P Oversight Committee Meeting was called to order by Fire Chief Guintini at the hour of 5:30 p.m. at Los Banos Fire Station No. 1, 333 7th Street, Los Banos, CA.

Committee Members and staff present: Hoang (Ichabod) Nguyen; Tom Neeb; Arlene Cardoza; Rhonda Rusk; Gerry Giesel; Mark Bodley; Chet Guintini, Fire Chief; Gary Brizzee, Police Chief; Tim Marrison, Asst. Fire Chief; Steve Carrigan, City Manager; Sonya Williams, Accounting & Budget Supervisor; Kim Tomas, Staff Accountant; Rosemarie Souto, Staff Accountant; Mason Hurley, Fire Captain and Mary Lou Gilardi, Administrative Assistant.

Committee Members Absent: Diana Ingram

Chief Brizzee started off the meeting by introducing the new City Manager, Steve Carrigan to the Measure P Committee.

Agenda Item I

Chief Guintini asked committee members if there were any questions regarding the Quarterly Reports that were sent out for review. Committee Member Bodley inquired about the 3rd Quarter report – revenues indicate about 60%. He felt that should be closer to 75%. Kim Tomas explained that the State is about two months behind on the sales tax.

Committee Member Neeb followed up with asking if the State wasn't two months in arrears, would we be closer to 75% of the revenues for the third quarter? Tomas indicated yes.

Committee Member Giesel inquired about the 4th Quarter 2011/12 report we were looking pretty good on revenues and he recalled that we should have had some of the revenues increase a little bit. What is holding that back. Kim Tomas advised that we estimated a 2% increase in revenues for this fiscal year. She explained how the state estimates and pre-pays us then true-ups at the end of the quarter on actual revenues they've received. We are looking at being right on budget or slightly over from our projections. Tomas indicated that over the next budget year, we are estimating another 2% increase. Sales tax is doing better than expected.

Committee Member Rusk inquired about there being no additional personnel added this upcoming budget year. Kim Tomas explained that was correct. No additional personnel will be added to Measure A this next budget year. Chief Guintini stated that we want to stay status quo.

Chief Guintini stated that we printed out the 4th Quarter reports all the way back to 2006/07 so that the Committee could review. Handouts were given to committee members. As you can see in 2010/2011, we had a 120% increase in the sales tax. . . any guess on why that happened? It's when Lowe's closed the doors and liquidated their entire inventory. If there are no further questions on the quarterly reports, we will need a motion.

It was moved by Mark Bodley, seconded by Arlene Cardoza to approve the 11/12 4th Quarter Measure P Report; 12/13 1st, 2nd and 3rd Quarter Measure P Reports as submitted by staff. Motion carried unanimously.

Agenda Item II

Chief Brizzee gave a power point presentation on Measure P/ Measure A as well as the General Fund balances. Chief Brizzee reviewed the General Fund balances from 2010-11 all the way to the project balances for 2013-14, explaining why our ending balance falls short for 2013-14.

Brizzee reviewed the estimated numbers for revenues and expenditures for 2012/13 and 2013/14. He explained why the expenditures were higher for 2013/14 because that included the cost for the two vacant positions that he is hoping will be filled by that year and possibly a small percentage of the city employees' give-backs being returned to them.

There was discussion throughout the presentation regarding the give-backs that all the City employees had given since April 2010. Finance personnel advised that in order to help the budget situation and avoid lay-offs, miscellaneous employees gave back 10 ½% in give backs while public safety employees gave back 11 ½%. All step increases and salaries have been frozen since 2010 with no cost of living increases as well. The salary range remained the same; employee's give-backs covered the cost of some of their benefits which the City had been covering, i.e. Employee portion of PERS 8 ½% (Misc) & 9 ½% (Public Safety) and medical insurance at 2 ½%.

There are some issues that we need to discuss in regard to the extension of Measure A. We've hired Lew Edwards Group to start that process. They will be conducting a survey; however, you will not be called because you have been removed from any list since you serve on the Measure P Committee.

Our new City Manager is a former Economic Development Director for the City of Stockton. He has done work in Lathrop and Tracy, so he's got a wealth of information and knowledge when it comes to economic development. Steve Carrigan mentioned that he will be meeting with Michael/Marion Santos of Santos Ford this week. He wants to see what they are projecting over the next few years since they did shut down their Firebaugh location, if they'll share that with us. Carrigan wants to partner with Santos to see about getting some of the other dealerships to come back to Los Banos. We're also going to track down the Lowe's folks to see what their plan is for their vacant

building. . . any chance of re-opening, etc. He believes that things are getting better from what he sees and hears. Anderson came in the other day and said they wanted to develop some lots. If we can get the housing going, things will get better.

Chief Guintini added that there are a few other things going on right now. The new Dollar General and AM/PM Arco will be opening soon. Santos Ford coming back into town, and with the projections that they listed in the newspaper, \$15 to \$18 Million in sales, that should increase our revenues. Wal-Mart is also expanding into a super center. Sales tax doesn't only help the general fund, it also increases the Measure P with the 1/2 cent sales tax.

Committee Members asked about the increase in Measure A for the next fiscal year as well as the 2% drop in revenues for 2013/14 in the general fund. Finance explained that the increase depends on the benefit package for those employees in those funds. It was also mentioned that the salaries under the Measure A funding are those of two Captains. Sonya also explained why revenues were higher for 12/13 with the "true-up" from the sales tax. Finance explained that there has been an increase in property tax, but they continue to be conservative with 1% increases on their estimates. After Sonya's explanation of revenues, Chief Brizzee reviewed slide 6 again of his presentation which shows the General Fund Revenues from 2006/07 to current. He pointed out that the revenues have been in the high \$9.8 million since 2010/11. The reason last year jumped up so high, once again, was because of the true-up from the sales tax. The estimate for 2013/14 is in the range that it had been for the past 3 years.

Committee Members asked if staff could explain what "true up" actually means. Sonya stated that basically what happens is that sales tax revenue is all done by the Board of Equalization, and they base it on estimates from previous quarters or months. Not every single vendor will pay at the same time. . . some pay monthly, some pay quarterly or even annually. Then the vendors have an opportunity to adjust it in case they took more sales tax in. In some cases, they've charged it to the wrong person, so it could've been the City of Dos Palos and not Los Banos. And so the Board of Equalization spends time going back and essentially auditing so they do a "true up" every couple of years. Committee Member Bodley stated that the "true up" is actually a reconciliation. Sonya said that was correct. Once they do the audit, then they either give us more or less.

Mark Bodley mentioned that in regard to employee negotiations and for Measure A consideration, if it could be best to refer to it as a *re-instatement* of give backs not a salary increase. Sonya said that will need to be discussed because if it is accepted by Council, it is not a salary increase. Sonya also mentioned that it is still in negotiations and it is something that we shouldn't be discussing. However, we do want to know how the committee would feel about different options. It is a give-back. It is something that the employees gave to us. The employees have been contributing so much over the past three years; this would be a give-back to them. It is not a salary increase. Chief Guintini asked for the committee members to keep this topic under wraps until Council has made a decision on this matter.

City Manager Carrigan added that it wouldn't seem right if we didn't share this information with the Measure P Committee.

There was discussion regarding the Overtime budget. Staff addressed concerns and explained how overtime fluctuates and it depends on the circumstances that come up (i.e. job injuries, strike teams, etc).

Chief Marrison explained to the committee that the interesting note about Overtime when it comes to Strike Team Assignments is that the City re-coops that cost from Cal-EMA through a contract that we have with the State of California. Initially, the City takes the hit for the Overtime, but a few months later the State reimburses us for the cost of our involvement. So that will come to the general fund in the form of revenue. Giesel inquired if that only covered the cost of the actual employees that go on the strike team not the employees who get OT for backfilling. Chief Marrison stated that it does cover the cost for the employees who backfill. Chief Guintini explained the way the system is set up; typically we are able to cover for the backfill people. Chief Marrison added that we come out a little bit ahead every year on strike team assignments.

Agenda Item III

Chief Guintini advised the committee that before we ask for any type of a vote on the expenditures for Measure P/A for the 2013/14 Budget year, he wanted to hand out a letter from Committee Member Diana Ingram who was not able to be at the meeting but was in agreement with the quarterly reports and the proposed expenditures.

Sonya Williams also handed out a breakdown of what Finance will be presenting to the Council for Measure P for Police and Fire.

After reviewing the handouts, it was moved by Mark Bodley, and seconded by Gerry Giesel to approve the expenditures for Measure P/Measure A 2013-14 Budget Year. Motion carried unanimously.

Agenda Item IV

Chief Guintini advised that in looking at the presentation tonight, you can see that we are not out of the woods yet as far as funding for public safety. We are proposing going back to the voters in November to ask for an extension of Measure A for up to 7 years. The City has hired Lew Edwards to begin their surveys. The survey was done this past week; we don't know the results yet. We will be meeting with the Lew Edwards Group on May 24th to discuss the issue. Survey is very similar to that of when they did the survey for Measure P. Lew Edwards asked positive and negative questions to get the feel of the community. If any committee members would like to know the results of the survey, we would be happy to provide you with that information.

There was discussion regarding the people who were surveyed, and whether it was only people with landlines. Chief Guintini advised that they contacted cell phone numbers as well for this survey.

Chief Marrison added that they surveyed 400 people that always vote. They did their research and the people they surveyed are the most likely to get out and vote. Chief Guintini said that the other key thing that we have done the last two times is that we propose the measure on an off year election which allows us to reach the key voters.

Staffs mentioned that if you have any friends or know anyone who has taken the survey, please thank them from all of us. The survey is a very detailed one and takes between 18-22 minutes. Chief Guintini also stated that one of the questions in the survey asked about the 5 or 7 year window, so we will see what the public would support.

Chief Brizzee did comment that this campaign is a little different from the last campaign. Last time we were trying to get Measure A passed in order to avoid layoffs of public safety personnel. This time, we are not in those same circumstances; we are climbing out and getting close to recovery. Some of the issues we might see with this campaign compared to the last; we are actually in a better spot than we've ever been. We're in such a good spot that all of that money that the employees have invested in the City for the last 3 – 3 ½ years we are finally at the point where we can start to give it back. Staff wonders how this timing wise fits in with asking for an extension of Measure A. Is this going to sour the taste of some of the voters out there? We would like to know what you (committee members) think? Chief Brizzee also mentioned the fact that we are looking at buying police cars and fire trucks out of capital improvement funds that we can't use for personnel. Staff wonders how that is going to look as well to the public.

Committee members were all in agreement with a “give-back” to the employees, and that it needs to be stressed that it is a “give-back”, not an increase in salary, and that the employees' salaries have been frozen for 3 years. Committee Member Giesel stated that the other point that should be stressed is that once funds start climbing back up, the City will be moving personnel from the Measure P Facilities Fund back to the General Fund. . . Have some kind of an exit strategy so that the when monies increase, they can go back into the original context for facilities and will be monitored by the oversight committee and staff.

Committee Member Nguyen would like to know how we plan to move forward. As far as the money goes, we've been taking advantage of this facility fund, and we've been burning through it. In about a year and half, when Measure A sunsets, there is not going to be that much left in there. Over the long term basis, even if we extend the Measure, the Police side will be able to fund 2 – 3 officers, and the Fire side won't have any funds left to support. The Captains will have to be moved out of Measure A because there is no money left. Even if this is extended, how are we going to play this out?

Staff indicated if need be, we'll be able to use what we need from the Measure A Fund and the others will have to be covered by the General Fund for the remaining salaries.

Committee Members asked about new revenue sources. Finance explained the Lighting and Landscaping Districts for instance. The City has a large area in town that isn't in an LLD, and maintenance on those parks and neighborhoods are paid out of the General Fund, and that's costing the General Fund in excess of \$500,000.

There was some discussion about other communities in the state (Bay Area) which may also be feeling a little optimistic about their finances; however, as Chief Marrison pointed out, some surrounding communities didn't take the approach that our Finance Dept. did in 2010 with the employee give-backs and since then have been facing financial difficulties and lay-offs.

Carrigan stated that in talking with a lot of his contacts throughout the state, there are a lot of cities that didn't jump on this issue as quick as the City of Los Banos, and are still feeling the difficulties. He commended our Finance Dept. for making the hard decisions early on; hopefully we have already hit the bottom and are moving upward.

Chief Guintini did state that Anderson Homes submitted new Master Plans today. They are going to be starting new construction again.

Chief Guintini reminded everyone to keep the topic of the "give-backs" should be kept confidential until City Council has made a decision on this matter.

Agenda Item V

Chief Guintini advised that there are two City Council Budget Workshops set in May: May 21st and 28th both at 5 p.m. in the Council Chambers.

Agenda Item VI

Committee Member Reports: No committee members had reports.

Agenda Item VII

Chief Guintini reported that the Fire Department is moving along. The Fire Department has two fire engines budgeted in the 2013/14 budget year. The cost will be covered from impact fees that were collected years ago, and we now have to spend that money or give it back to the developers. On another note, we will have to explain to the public about the fire engines we are purchasing are funded by impact fees which were paid by developers. Police will also have to explain about the impact fees for their police cars.

Fire Department has been pretty busy with the hot weather we've had. We just had a crew return from a strike team down in Southern California at the Springs Fire

(Camarillo Fire). We've had a few structure fires and have been busy with medical calls as well.

Chief Brizzee added that the Police Department has been doing well. Employee injuries have been somewhat problematic for the Department. Crime rate literally went up 2 incidents from 2011 to 2012. It went up from 1349 to 1351 reportable incidents – .015% increase. We saw a violent crime reduction with property crimes going through the roof. Shoplifting, stealing items out of cars, etc. has gone up. Committee members were encouraged to stop by the Police Department any time and go along with an officer on a ride-along. Chief Brizzee advised the committee that the Department just got 7 new patrol cars and 2 unmarked cars, and we got rid of 12 vehicles from our fleet. The vehicles that we got rid of were auctioned off.

There being no further business, the meeting was adjourned at 7:05 p.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Chet Guintini". The signature is written in a cursive style with a small "2" above the "i" in "Guintini".

Chet Guintini
Fire Chief

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