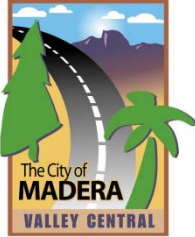


Item:	B-1
Minutes for:	06/19/17
Adopted:	05/02/18



## MINUTES OF A SPECIAL MEETING OF THE MADERA CITY COUNCIL CITY OF MADERA, CALIFORNIA

June 19, 2017  
4:00 p.m.

Council Chambers  
City Hall

### CALL TO ORDER

The meeting for 06/19/17 was called to order by Mayor Medellin at 4:04 p.m.

### ROLL CALL:

**Present:** Mayor Andrew J. Medellin  
Mayor Pro Tem Cece Foley Gallegos, District 1  
Council Member Jose Rodriguez, District 2 (Arrived at 4:06 p.m.)  
Council Member Donald E. Holley, District 6  
Council Member Derek O. Robinson Sr., District 4  
Council Member William Oliver, District 3 (Arrived at 4:06 p.m.)  
Council Member Charles F. Rigby, District 5 (Arrived at 4:07 p.m.)

Others present were City Administrator David Tooley, City Attorney Brent Richardson, City Clerk Sonia Alvarez, City Engineer Keith Helmuth, Director of Human Resources Wendy Silva, Planning Manager Chris Boyle, Director of Financial Services Tim Przybyla, Director of Parks and Community Services Mary Anne Seay, Public Works Operations Director David Randall, Director of Community Development David Merchen, Grants Administrator Ivette Iraheta, Chief Building Official Steve Woodworth, Battalion Chief Jim Forga, Division Chief David Allen, Chief of Police Steve Frazier, Information Services Manager Mark Souders, Tyler Munis Implementation Project Manager Becky McCurdy, Neighborhood Preservation Supervisor Viola Rodriguez, Redevelopment Manager Bob Wilson, Fleet Operations Manager Randy Collin.

### PUBLIC COMMENT:

The first fifteen minutes of the meeting are reserved for members of the public to address the Council on items which are within the subject matter jurisdiction of the Council. Speakers shall be limited to three minutes. Speakers will be asked to identify themselves and state the subject of their comment. If the subject is an item on the Agenda, the Mayor has the option of asking the speaker to hold the comment until that item is called. Comments on items listed as a Public Hearing on the Agenda should be held until the hearing is opened. The Council is prohibited by law from taking any action on matters discussed that are not on the Agenda, and no adverse conclusions should be drawn if the Council does not respond to public comment at this time.

No comments were offered.

### AGENDA ITEMS

1. Workshop on the City of Madera FY 2017/2018 Proposed Budget (Report by David Tooley and Tim Przybyla)

Mayor Medellin stated that he was hoping to have at least three other members by this time. He stated he knows Council Member Oliver said he will be a few minutes behind and he did speak to Council Member Rigby who he believes is in the building just not at his seat. He stated that this was too important to get started so if the audience does not mind they would wait a few minutes for his colleagues to be there.

Mayor Medellin welcomed Council Member Rodriguez.

Council Member Oliver apologized.

Mayor Medellin stated it was ok. He stated he understood Council Member Oliver had a little bit of a trek to get there.

Mayor Medellin stated he would like the record to reflect that Council Member Rodriguez and Council Member Oliver have joined them.

Mayor Medellin stated that Council Member Rigby is the Chairperson of the Housing Authority and over the weekend a pipe burst at that site which put about three inches of water in the entire building and he's been on the phone trying to work a little magic to help out as best as he can for a temporary building. He stated that he is sure that is what Council Member Rigby is trying to do.

Mayor Medellin stated they are rejoined by Council Member Rigby.

Council Member Rigby apologized and stated he is just trying to help out Linda Shaw.

Mayor Medellin stated let the record reflect that Council Member Rigby had now joined them. They have all seven members there.

The workshop started at 4:08 p.m.

David Tooley, City Administrator stated they would begin with a moment of full disclosure. He stated that the budget they had in front of them does not include a new HVAC system for City Hall and while that is funny in a moment it also says something about where they are as an organization. They have limitations on what they can do and their inability to replace an HVAC system which has needed to be replaced for eight or nine years is symptomatic of the fact that they have a lot of deferred maintenance and they as the Council will have to make some difficult choices about what they spend their money on in the next year and in the next five years as well.

Council Member Holley stated he couldn't hear Mr. Tooley and Mayor Medellin stated he didn't know if the audience could hear but it did sound a little low and asked Mr. Tooley to get closer to the microphone.

Mr. Tooley stated they would start by taking a very brief trip down memory lane. Two years ago Love's [Travel Center] fuel station was on the fast track to open. Love's [Travel Center] represents 80 to 100 new jobs for their community and would add several hundred dollars to their Operating Budget in terms of new revenues.

Mr. Tooley stated that two years ago the inside word on the casino was that they were about to break ground and a \$250 million project pumps a lot of money into their community and 11 to 1,500 new jobs is a game changer by any definition.

Mr. Tooley stated that two years ago they could close their budget process. They could close an operating loss in excess of \$1 million because they were very good at conservative financial principals.

Mr. Tooley stated that today Love's [Travel Center] is still on what they characterize as a fast track. He stated that best case they begin construction in November or January. Going forward they won't see the first dollars from Love's [Travel Center] for a minimum of 18 months.

Mr. Tooley stated the casino is probably in litigation for another two years. Once out of litigation the project will be built in phases.

Mr. Tooley stated that as seen in the material provided to Council they are now generating an operating loss in the General Fund. They have progressively cut the flexibility out of their budgets as a matter of necessity.

Mr. Tooley stated that in a recent presentation they also described to Council what he is going to characterize as a [Cal]PERS crises in the state of California. Between now and 2022 they will see their [Cal]PERS contributions increase from \$3.8 million to \$6.5 million or more depending on how [Cal]PERS changes their underlying assumptions.

Mr. Tooley stated that Measure K is going to help them but is limited based on the promises they made with regard to Public Safety. Mr. Tooley stated that the first order of business is to fulfill the promises they made on Public Safety.

Mr. Tooley stated that it is his personal opinion that cities and counties are not going to solve the [Cal]PERS crisis without intervention by the courts and the legislature. He is comfortable predicting some cities and counties are going to declare bankruptcy over the next five years.

Mr. Tooley stated that even if they lose \$1 million next year and \$2 million a year after that they are not going to be in danger of going bankrupt however they need to be worried that the gap between revenues and expenditures is not just growing the gap is accelerating in size.

Mr. Tooley stated that for the foreseeable future they need to be focused on building their revenue, creating more wealth in the community and limiting expenditure growth.

Mr. Tooley stated the recommendation they have in front of them provides them a number of cost reduction alternatives including reductions in the workforce notwithstanding the fact that they are already within this budget adding positions to the City's General Fund. Some of those will be as a result of Measure K but some of them in Code Enforcement are as a result of their new Rental Inspection Ordinance and will directly impact their General Fund.

Mr. Tooley stated that today he is suggesting to them that their financial landscape has changed and it seems they must change as well.

Mr. Tooley addressed Tim Przybyla, Director of Financial Services and stated that it was up to him to begin the presentation to Council on the specifics and that when they get back to the point where they are ready to talk about alternatives he'll be back in front of the microphone.

Mr. Przybyla stated they have a unified slideshow that all departments will be using for the presentation this evening and they will start that at this time.

Mr. Przybyla stated this is the Budget Workshop for the 17/18 budget. He stated they will have the General Fund discussion and summary then they'll have General Fund highlights by department then they'll have the Enterprise fund summary and discussion, and the Enterprise fund highlights by department, then they'll have the Internal Service fund summary and discussion and the Internal Service fund highlights by department. Mr. Przybyla stated that those by department times is when the departments get up and share their budget highlights with Council. He stated they will then hit the Special Revenue fund summary and discussion. He stated those are non-operational in nature. He stated they would then wrap it up.

Mr. Przybyla stated the question is if they are still crying wolf. He stated they've had some criticism about the way that they do budgeting and he looked way back to 01/02 and saw that way back then there was a \$830,000 deficit budgeted and sure enough they turned around and had a \$26,000 surplus for that year.

In 16/17 Madera budgeted a \$1.4 million deficit and they are estimating a \$900,000 actual deficit at this point so their actual and their budget are getting closer together even though it is still a pretty big swing....\$500,000. They are getting closer.

Mr. Przybyla stated that in 01/02 the fund balance was \$2 million basically which meant that \$829,000 deficit was 38% of the fund balance. In the 16/17 budget they have a \$14.4 million fund balance of that \$12.9 million is unassigned so that reflects a 10% of the fund balance deficit. They are getting closer.

Mr. Przybyla stated they have been tightening the budget over the past two years specifically. The City Administrator specifically told him that they didn't want to paint the picture that they are crying wolf and then have a big surplus at the end of the year so they have been tightening those budgets. In FY 15/16 they basically hit the bullseye. They were right at 100% of budget. They were within less than 1% of budget for the revenues and within 1% of budget on the expenditures. What really prevented them from actually realizing a deficit in 15/16 was the \$1.5 million capital lease financing that they had to recognize. Now that they recognized that in 15/16 they have to expend those dollars and recognize the expense so it takes the picture and makes it more difficult for them to bridge that gap.

Mr. Przybyla stated that as they can see in the example with the exception of 2015, departments have really been tightening up their budgets over the past several years. He added up those percentages from 2010 to 2015 and it averaged out about 94.5%. If they had a 5.5% cushion in the budget this would be an easy meeting tonight but they don't have that 5.5% cushion any more. They are right at 100%.

Mr. Przybyla stated they are crying wolf and meaning that there's wolves at this point.

Mr. Przybyla stated they need to decide what level of service is sustainable. He stated the numbers changed. They are at a little over \$2 million now at this time. When he ran the report they were at about \$2.5 million so they have been cutting expenses and trying to find additional revenues. The picture has improved from this point but if FY 18 was a \$2.5 million deficit, they roll forward to next fiscal year 2019 that's nearly \$4 million and each year they can see how those deficits continue to expand or accelerate as the City Administrator said.

Mr. Przybyla stated some of the assumptions show a 4% sales tax increase, 2% property tax and overall it's basically a 2% increase in revenues and he used the same 2% increase in personnel costs with the exception of CalPERS so it's really comparative as far as coming up with the forecast. The bottom line is they are looking at \$2 million now instead of 2.5 but they have so many people with the benefits and the benefits are increasing with healthcare costs and CalPERS and if they have a deficit now the deficit is just going to get worse and worse as time goes on.

Mr. Przybyla stated they had a workshop regarding the CalPERS increases and those figures were factored into this five year forecast. These forecasts do not include a further change from the 7% discount rate so they are already talking about possibly changing it to 6.5% for the CalPERS rate and every time that they decrease that discount rate up goes their unfunded liability and up goes the contribution they have to make to try to keep up with that every year.

Mr. Przybyla asked how they balance the FY 17/18 budget. They need to bridge a \$1.6 million gap in FY 17/18. Some recommended steps are to implement a soft hiring freeze, implement a 3% across the board savings on Maintenance and Operations for approximately \$300,000 and then implement an additional cost reduction plan on top of that. They have collective bargaining coming up and if there's any savings to be had from that or losses to be had from that is totally unknown at this time. If they use the FY 16/17 Measure K funds they could potentially use \$400,000 of the estimated \$800,000 from the current fiscal year to somehow bridge part of that gap for the FY 17/18 budget and of course the other consideration is the cutback on programs and reduce staff.

Mr. Przybyla asked if Mr. Tooley wanted to return to discuss those options.

Mr. Tooley suggested to Council that they take them through the remainder of the budget and he thinks that at the end of the presentation that is the time to start talking about what Council would like to do but until they see the budget as a whole he thinks it's too early.

Mayor Medellin agreed.

Mr. Przybyla stated they would look as the summary of the General Fund Expenditures and the Revenues are included there. These same figures were included in the staff report and they can see that some of the departments have decreased since last year and some have increased. There will be discussion from the different departments that explain why there is an increase or decrease in their various departments.

Mr. Przybyla stated that the bottom line is on the second page of Exhibit 1. Right there is what they are most concerned about. There is the deficit. If they take the regular Fund 1020 plus the Code Enforcement 1020 budgets they are looking at a \$2 million deficit and 1.4 of that comes from all the departments in the General Fund 1020 other than Code Enforcement. Code Enforcement's deficit for the year is \$641,000 for a total of \$2,036,000 deficit. That is just in Fund 1020.

Mr. Przybyla stated the other funds typically should balance themselves out.

CDBG [Community Development Block Grant] fund is money in money out or it should be. There are some timing differences there that can really throw things off.

The Insurance Reserve fund can really go up and down depending on the retrospective adjustments that have to be made to make up for prior year's losses that are catching up to them related to Worker's Compensation and liability insurance.

Mr. Przybyla stated the Measure K fund is the very good news of the day. They are estimating \$3,645,000 for next year's Measure K funds that will be used to fund the Police and Fire additional positions. In Fire they are setting aside \$1.75 million for the future building of the fire station. It looks like that may be at least two years out at this point so setting aside that money should be very helpful in keeping down the loan payments that they will have to make once they build the fire station and have to pay the debt service on that.

Mr. Przybyla stated there is not much change from Fund 1020 down to the bottom line. There's like a \$3,000 difference. Not much difference there. It is really the Fund 1020 that is their main point of concern. They are not concerned about Measure K because that money is designed for a certain purpose. They cannot use that to balance the rest of the General Fund.

Mr. Przybyla stated they are looking at \$2,033,000 and of that they can add back one-time expenses so included in the budget figures is \$400,000 of Capital Outlay related primarily to the Tyler Munis implementation.

Mayor Medellin stated it's a one-time thing.

Mr. Przybyla stated it's a one-time thing. Once implemented they will have the on-going maintenance contract cost but this is a Capital Outlay. He stated it's a plan draw down of funds and that is part of the \$1.5 million they recognized in 15/16 so now they are going to draw that down and recognize the expense.

Mr. Tooley asked if to be clear they have a couple of more years of payments on the Tyler Munis system.

Mr. Przybyla reiterated a couple of more years of payments on.... He stated until they completed it, yes.

Mr. Tooley stated they will see this as a recurring cost in future budgets until it's paid off.

Mr. Przybyla stated it's not so much a matter of being paid off. It's a matter of when the services are incurred so as they do the training that's when they pay for the training and that's the biggest part. They've paid the rest of it at this point. He believes it is \$365,000 that's budgeted for the Capital Outlay related to that as they draw down the funds from the lease and pay the vendor. That 365 is all budgeted in next year's budget. It could be that they only spend 200,000 of that and finish off the rest in the next year to implement the Tyler [Munis] system. He is not certain when those services will be completed but they budgeted the remaining 365 in the current fiscal year of 17/18. Because it is a one-time expense it's ok to back that number out and say that operationally they are looking at a \$1.633 million deficit. That is what they need to look at bridging the gap in.

Operational Revenues each year should fund operational expenditures in each year. They shouldn't have to draw down on the General Fund, fund balance to fund on-going operations.

Mr. Przybyla referred them to a graph that shows the breakdown of the General Fund expenditures and it includes Measure K so Public Safety represents 49%, Public Works 8.6%, Community Development 8.2%, Parks and Community Services 12.3% and Administrative Services, which is a combination of various departments like the City Clerk, City Administrator, City Attorney is lumped into that 8.1% of the budget. Mr. Przybyla stated this exact slide updated will be included in the Final Budget and he thinks it's very informational and helpful to the reader.

Mr. Przybyla stated that every year they include Exhibit A which shows how much revenues each department brings in, their expenditures, and what the contribution to or appropriation from the fund balances results in. He stated he doesn't really pay much attention to this as far as how much each department costs because in his opinion the taxes are really what fund most of the departments. The \$19.1 million covers a big part of the \$27.5 million of revenue but they do have the various revenues that help offset the expenses.

Council Member Rodriguez asked how they generate those revenues.

Mr. Przybyla stated if they are not taxes they are typically fees for services or admin and overhead charges. For the City Administrator and others that are able to allocate costs across to the non-General Fund departments they bring in revenues for that. The Finance Department services all the departments. Those are the primary revenues either fees for services, grant funding that may come into a specific department, or Interfund charges for services that are provided to the rest of the City.

Council Member Rodriguez asked that he highlight City Council \$40,000.

Mr. Przybyla stated the City Council is not raising funds for them per se but because there is a charge for City Council they can allocate their cost. The total cost to fund the City Council is \$153,000 and of that a percentage of their services go to a non-General Fund such as the Enterprise funds and other funds and they can charge them an overhead and administrative charge so that is what comes back to partially fund the City Council Department.

Council Member Rodriguez stated that in other words he's bringing it from a different fund and Mr. Przybyla replied affirmatively that it was a non-General Fund.

Mr. Przybyla stated they could charge each other but it doesn't make sense if they are all in the General Fund so they limit it to the portion of the City's services that are outside of the General Fund.

Mr. Przybyla stated that the order that they will begin going over the department budgets will be the City Administrator, City Clerk, City Attorney and then Finance. They will walk through those slideshows. They've asked each of the departments to present specific information. Their formats may vary slightly but they are going to hit the highlights and they are not going page by page line item by line item tonight.

### City Administrator

Mr. Tooley stated he is responsible for three budgets: City Administrator's Office, Central Administration and Community Promotions. There is an increase in personnel costs due to an addition of a temporary position that is Becky McCurdy. She runs the Purchasing operation but on a temporary basis she is the Tyler Munis Implementation Manager. She anticipates that position will go about another 18 months. The other person is Joseph [Carrello] who does all of their social media activities.

Mr. Tooley stated they have a limited amount of new Capital Outlay for furniture equipment and equipment that is related to Mr. Carrello's activities. One of the options they have in front of them is to reduce M&O [Maintenance & Operations] in Capital by three percent. Should they choose that option, he will be making some reductions in those planned purchases.

Mr. Tooley stated that most of the M&O items in Central Administration remain status quo.

Mr. Tooley stated there's a \$400,000 decrease of operating transfer to other funds. Senior Citizens' Services and Code Enforcement are now part of the General Fund. There's a \$300,000 increase transfer to the Insurance Reserve fund. There's a slight increase from the prior year's Community Promotions adopted amount. There's a \$155,000 in the Contract that goes to EDC [Economic Development Commission], 32 to LAFCO [Local Agency Formation Commission]. There is a small increase there. \$28,000 to Other and \$5,000 to the Arts Council. They also have an "ask" this year from the Friends of the Madera Animal Shelter.

Mr. Tooley stated if they don't have questions on the balance of his budget he'd like to give the Friends an opportunity to make their "ask" of them.

Mr. Tooley asked if there were any questions for him.

Mayor Medellin asked if there were any questions of Mr. Tooley.

Council Member Oliver asked him to elaborate on what the Senior Services encompasses.

Mr. Przybyla stated there was a decrease of operating transfers to other funds. In the past they had set up another fund because it was originally thought to be funded by FMAAA [Fresno Madera Area Agency on Aging] which is grant funding. That funding has decreased over the years and most of it is funded now by the General Fund. Mary Anne Seay, Parks and Recreation Director asked to have it made part of the General Fund to recognize that it is actually a General Fund expense and any monies that come in from the FMAAA, other grants or other sources are recognized as revenue to the General Fund. So rather than taking General Fund money and transferring it out to the Senior Citizen's programs which were not General Fund it's been incorporated into the General Fund so it's a direct expense rather than a transfer.

Mr. Tooley stated it is just a change in presentation.

Mr. Przybyla stated it is the same for Code Enforcement.

Mr. Tooley asked if they could invite Ms. [Velvet] Rhodes to make her presentation to the Council.

Ms. Rhodes stated she is requesting \$100,000 from the City. The money would be spent from July 2017 through June 2018 solely on City generated animals. \$80,000 of it would be spent on spaying and neutering over 1,000 animals. The balance would be for transportation, medicines and emergency surgeries that come up regularly. Ms. Rhodes stated the Friends [of Madera Animal Shelter] pay for these funds and they also have employees.

Ms. Rhodes stated she's come and presented to them before so they are aware of the over \$3 million that the Friends [of Madera Animal Shelter] have given to the City and the County animals over the last 15 years.

She stated that in those 15 years unfortunately they haven't received \$1 from the City of Madera.

Ms. Rhodes stated that in three different givings from the County they have received a total of \$300,000. \$100,000 in 2002, \$100,000 in 2010 and \$100,000 in 2017.

Ms. Rhodes stated that in the five years between 2010 and 2017 they were given \$1.5 million from the Red and Nancy Arnold [Foundation] so with that money they didn't have to go to the City or the County for money but now they are really in need of help. They have a \$22,000 to \$25,000 veterinarian bill every month for spaying and neutering. She stated Council could do the math. It's going to go very quickly. She stated Council doesn't need to know any more than that they desperately need their help. They are all in it for their own community and they spay and neuter 3,600 animals every year and at least 40% of those are from the City and the rest are from Chowchilla, the mountain communities and Madera County areas.

Ms. Rhodes thanked them for the opportunity to be heard. She appreciates it. She asked that they consider them on their budget this year. She thanked Mr. Tooley.

Mayor Medellin thanked her for being there.

Mayor Medellin stated that if there were no other questions under City Administrator they would continue on.

#### City Council

Sonia Alvarez, City Clerk stated that the budget shows a little bit of an overall decrease and that is mainly due to the Section 125 Benefit Allowance dollars. Those are the dollars that the City provides to the City Council and staff for insurance coverage and it depends on the level of coverage that they select. The reason it is a reduction because for the last fiscal year they allocated full dollars for the four Council seats that were on the election ballot. Ms. Alvarez stated they don't have an election scheduled in this upcoming fiscal year so it's not necessary to include a full allocation on that.

Ms. Alvarez stated that the Facilities Maintenance fund has an increase. That is one of internal service funds that Mr. Przybyla talked about a little while ago. It is the services provided as far as the building/the Council Chambers are concerned.

Ms. Alvarez stated that is all she has for the City Council budget unless they have questions. No questions were asked.

#### City Clerk's Office

Ms. Alvarez stated they have an overall decrease as well. She stated there are no new positions in Personnel costs but there is an allocation for the Cost of Living increase per the MOU and employment agreements.

Ms. Alvarez stated that for the Maintenance and Operations, as she'd mentioned it's a non-election year so they didn't have to budget any dollars for that.

Ms. Alvarez stated there are other minor line item adjustments.

Ms. Alvarez stated she'd answer any questions.

Mayor Medellin asked if there were any questions for Ms. Alvarez. No questions were asked.

Mr. Przybyla stated he hoped this format was working for the Council. He stated the detail was included in their staff reports and he would be happy to answer any specific detail questions they may have.



### City Attorney

Brent Richardson, City Attorney stated their budget remains largely unchanged from 16/17. He stated there are some basic adjustments with Janitorial and that type of thing but it is largely unchanged.

Mr. Richardson stated that one of the things that is not in the budget and he doesn't believe they included it in the numbers yet but they did evaluate the fully loaded cost of providing service to the Housing Authority and right now they charge the Housing Authority about \$100 an hour for City Attorney time since they are a fully separate entity.

Mr. Richardson stated that the \$100 is substantially light. The fully loaded cost should be more in the neighborhood of about \$193 an hour for City Attorney time and about \$60 for paralegal time. He stated they would like to implement a change there. It would not represent a significant increase in revenues because of the limited amount of hours that they do for the Housing Authority. It will be less than a couple of thousand dollars a year at the most. They need to implement that for the coming budget.

Mr. Richardson stated the Personnel costs are unchanged other than the COLA [Cost of Living Adjustment] that the City Clerk already spoken about.

Mr. Przybyla stated he is glad that Mr. Richardson brought that up. He stated that the City Administrator met with all of the departments and he was there and all of them were asked how they could increase their revenues. They were asked what they could do to cut back on expenses.

Mr. Przybyla stated that Mr. Richardson evaluating the cost for the Housing Authority is just one example of how all of the departments have gone through and looked at how they might be able to enhance revenues to help balance the budget.

Mr. Przybyla asked if Council had any questions for Mr. Richardson.

Mayor Medellin stated he saw that the allocation is \$5,000 and asked if it was roughly 50 hours for Housing Authority or an hour a week. He asked if that was a fair assessment.

Mr. Richardson responded affirmatively and stated that it is pretty light. He stated some weeks there are none and some weeks there are a few but that is roughly.... Mr. Richardson stated that for whatever reason they have been more lightly utilized in recent years. He stated that probably five years ago that number might have been double that because they were used all the time. The communication was a lot tighter.

### Finance

Mr. Przybyla stated that the overall status of the budgets for Finance increased 47% and there is a 12% savings in Purchasing. He stated that the reason for the 47% increase is primarily related to the Capital Outlay cost related to the Tyler Munis System. Mr. Przybyla stated they've incorporated that and the debt service into their budget. He stated there is no increase to Personnel. They are roughly status quo on all the other budgets. Those others bumped up the budget because they thought they would service the debt through the Finance Department.

Mr. Przybyla stated there was a savings in Purchasing basically because Becky McCurdy who was at a higher step has gone temporarily to be the Tyler Munis Implementation [Project] Manager and Rosa Hernandez is stepping in for her temporarily out of class at the bottom level so there is some savings there in the General Fund.

Mr. Przybyla stated that significant cuts or increases in the Maintenance and Operations is \$180,000 for the lease and 365 for the draw-down of the Capital Outlay for the Tyler Munis.

Mr. Przybyla stated there is a slight revenue increase for the Lease Allocation because they are servicing the lease and charging it out to the various departments.

Mr. Przybyla stated that as far as the Capital Outlay costs there is the Tyler Munis and there is also a change to debt service which is also related to Tyler Munis.

Mr. Przybyla asked if Council had any questions on the Finance budgets.

Mayor Medellin asked about Vehicles and Equipment.

Mr. Przybyla stated that Vehicles and Equipment is an internal service fund charge. He asked if he was referring to a specific line item.

Mayor Medellin stated he is asking about the \$365,000 that is on the bottom. It is a little vague.

Mr. Przybyla stated it is. He stated that when they went to the Tyler Munis system they decided that they would have vague or basic descriptions for the accounts and they can set up those accounts by projects so they have something called project accounting. Mr. Przybyla stated that Vehicles and Equipment is the Capital Outlay line item which is for Tyler Munis.

Mayor Medellin asked if all of the \$365,000 was for that.

Mr. Przybyla responded affirmatively and stated there is no other Capital Outlay in that dollar amount. It is all Tyler Munis.

Council Member Rodriguez asked what the Contracted Services are in Maintenance and Operations.

Mr. Przybyla stated that Contracted Services are services that are provided by outside agencies. In their case, it would be things such as fees to the auditors, fees for investment programs, the maintenance contract and anything they would need to get a contract for in order for someone to come in and provide outside services.

Council Member Rodriguez asked for an example of outside services. He asked if it was software.

Mr. Przybyla stated it could be anything from a copier lease contract to the auditors who go in and audit their financial statements each year to somebody who is performing an evaluation for other post-employment benefit factors.

Council Member Rodriguez stated it was more like evaluations.

Mr. Przybyla agreed and stated that it is typically professional services. People that come in and provide services for them. Contracted Services is a pretty general area that could encompass anything where there is an outside business doing something for them.

Mr. Przybyla asked if there were any questions. No questions were asked.

#### Human Resources (HR)

Wendy Silva, Human Resources Director stated their budget is mostly status quo. There were a few changes under Maintenance and Operations. The biggest change was to Conference and Training of \$1,800 because she has a new employee completing a degree at Fresno State and they are eligible for education reimbursement under their Memorandum of Understanding with the bargaining unit. Ms. Silva stated they will owe them money so they need to put it in the budget. They know that going forward. She stated that other than that there is not much change in the HR and Risk Management budget.

Ms. Silva stated that at the bottom of that same page, they'll see the Insurance/Risk Management. She stated that is the Insurance Reserve fund. There are two main pieces that she would call the big pieces in that fund. One is Contract Legal Services. This is where they pay for legal services that are not covered under one of their insurance programs. If they have a matter such as the current Lateef matter, they are

paying that out of pocket because of the nature of the type of claim that it was. That goes through that line item. Ms. Silva stated if they need legal services for an employment law type matter, they use outside legal counsel because Mr. Richardson is the advisor to the City Council so he cannot also advise the City on how to act because he will later be advising the Council on what to do on the matter so they have to separate those two.

Ms. Silva stated that some years they spend \$100,000. This year they are going to come close because of various issues they had going on. Some years they might not go past 20 but they budget the full 100 so that the money is there if they need to bring in those services. She stated that usually it is a quick turn around when they need to do something of a legal nature.

Ms. Silva stated that the other piece that they have is the Retrospective Adjustments for the Risk Management Authority. Sometimes they get big checks back and sometimes they are writing big checks. Every year is a little different.

Ms. Silva stated that two to three years ago they did a workshop for Council on the upcoming Retrospective Adjustments and they had some bad years that were coming up. 17/18 is one of those. They were able to make it a little bit less bad. They were going to owe 650. She stated that the budget line item is 450. They were supposed to owe about 100,000 in the current year and when the actuaries went in and did their study, they had closed some claims, they had some favorable development and they actually got a check back for 200,000. They applied that to this next year that's going to come online for adjustment to bring the liability down so they brought it down from the 650 to the 450 but they will still be on the hook for the 450 as it stands. Ms. Silva stated the studies get done late fall. They can always hope that they have some more favorable development. Those compromises and releases really help and that is why they push for those when they talk about these claims in Closed Session.

Ms. Silva asked if there were any questions on the HR Department or the Risk Management fund.

Mayor Medellin asked Council if they had any questions. No questions were asked.

#### Police Department

Steve Frazier, Police Chief stated they are responsible for AB109 which is the 2011 Assembly Bill that reduced misdemeanors to felonies and caused people that should be in jail to be released to jail. Basically, they've had 40 million funding going back four years reduced to 20 million this year. Their portion of that 20 million was \$60,000. Last year, their portion was 62,000 so really there is just a reduction of \$2,000. That funds a fraction of a position in their SIU.

Chief Frazier stated the CCP funds are another component of AB109 which is funded through Madera County Probation and that funds one FTE 100%.

Chief Frazier stated their Schools are two contract employees and two FTEs at 100%.

Chief Frazier stated Housing Authority is one FTE at 100%.

Chief Frazier stated that in PD [Police Department] Admin, they have an overall budget of 263,000 over last year's adopted budget. They saw some M&O (Maintenance and Operation) increases between PG&E, Mail and Professional Dues of about \$38,000.

Chief Frazier stated that Salary and Interfund: 225. He stated 160 of that are vehicles that were held in abeyance last year and that bill is coming due this year.

Chief Frazier stated that through their COPS grant which was originally \$500,000 funded four officers fully for a period has decreased 131,000 over last year. Chief Frazier stated there is 92 that will be funded this year which funds a portion of one officer.

Chief Frazier stated that in Animal Control, they reduced \$89,000.

Chief Frazier stated that through Measure K they are fully funding 14 positions: one Lieutenant, two Sergeants, eight Officers, one Records Clerk, Public Safety Dispatcher, Network Administrator, six police vehicles and safety equipment. He stated that if Council is asked by the community, they are clearly and then some funding Measure K.

Chief Frazier asked if they had any questions.

Mayor Medellin asked if anyone had questions.

Council Member Rodriguez stated he had a question in regards to the first slide: Police Services. He asked when it says Salaries/Full Time, is that for an Officer.

Chief Frazier asked which item.

Council Member Rodriguez stated he was looking at a slide that indicates Police Services 10202010. He wasn't sure if he got that clear. He asked if that was a salary for every Officer. The \$37,858. He asked what it was he was looking at.

Chief Frazier asked what the dollar figure was.

Council Member Rodriguez stated \$61,803.

Chief Frazier stated that would be the General Fund main PD Admin budget Salaries.

Council Member Rodriguez asked if that was per Officer and Chief Frazier responded affirmatively. Council Member Rodriguez stated he just wanted to clarify that.

Mayor Pro Tem Foley Gallegos asked if one of the eight officers that is going to be funded by Measure K is Animal Control.

Chief Frazier responded it was not.

Mayor Pro Tem Foley Gallegos asked if they were funding the second Animal Control off the regular General budget.

Chief Frazier stated that both Animal Control positions have been a General Fund liability all the way back. As it stands right now, that will remain a General Fund liability. There will be two positions. They are presently trying to identify a viable candidate to hire.

Chief Frazier stated that what they see listed in 17/18 will exhaust all of their Measure K money in 17/18.

Mayor Medellin stated "easily".

Chief Frazier asked if there was anything else.

Mayor Medellin asked if they had any further questions of Chief Frazier. No questions were asked.

#### Fire Services

Jim Forga, Battalion Chief stated that the overall status of the Fire Department budget is relatively unchanged.

Battalion Chief Forga stated they've noted a slight increase of \$56,000 in MOU agreement due to the increases in salaries and benefit rates. There was a decrease in the Admin. It went down 5.9 to 12.01 so a little savings there.

Battalion Chief Forga stated they are going to attempt a \$250,000 savings for the next fiscal year. Basically, they are able to have salary savings and save a little bit of money because of their hiring practices like PD but they do not lower their level of service on the fire engines so they are able to still save that money.

Battalion Chief Forga stated that this year they did pretty well. They are estimating a \$364,000 savings. That was due to a number of factors. The same kind of things. Salary savings and such.

Battalion Chief Forga stated there were a couple of increases in their Vehicle Maintenance and the Tool Replacement funds. Basically, they are just putting them back to the levels they had in the years past. They are adding another fire engine to their fleet and then a new ladder truck is coming next fiscal year so they'll need to budget for the maintenance of those.

Battalion Chief Forga stated the Revenues, the Impact Fees for the Lease and Special Service Fees that pay for the new fire truck that they paid on the lease \$454,000. That's for the new fire truck and then the 1.3 million that they've ordered for the ladder truck in this fiscal year from the Impact Fees also.

Battalion Chief Forga stated that one other place that they are able to do a little bit of revenue is when they go out to Federal and State fires. They charge them the services for their fire trucks and himself going up to fires up in the hills. To date, they've made about \$39,000 for this fiscal year and possibly \$22,000 that they're waiting on.

Battalion Chief Forga stated that overall it's kind of the same as it was in past years.

Battalion Chief Forga asked if anybody had any questions.

Mayor Medellin asked if anyone had questions for Battalion Chief Forga.

Mr. Tooley stated that by way of just a brief addition, he is disappointed to report that based on the statement of qualifications he's seen from the architects, it would appear that it is most likely that the new fire station will not go online until 2019. That gives them some additional time to capitalize their financial plan which has some advantages. Obviously, he wanted to see the fire station more quickly but Chief Allen assures him he'll find a place for the ladder truck when it's delivered.

Mayor Medellin stated he was going to ask where they were going to put that truck.

Battalion Chief Forga stated that the one that he already bought for the County is sitting over at Station 6 right now so theirs is the little brother of that one so they'll find a slot for it and do a little training.

### Planning

Chris Boyle, Planning Manager stated that the Planning Department budget is essentially unchanged from the prior year. There's about a \$1,500 reduction in the overall department's expected budget year over year although he would note that last year returned about \$85,000 and a lot of those monies were related to the fact that the department didn't add the position that was funded by the Council last year until later in the fiscal year.

Mr. Boyle stated there are no new positions requested by the department and consequently, Salary remains largely unchanged.

Mr. Boyle stated there are no substantive changes to M&O.

Mr. Boyle stated that in terms of revenue for the department, there is a proposed fee increase to better reflect the cost of services provided. That would be an approximate 15% fee increase and ultimately, that fee increase would provide for an average cost recovery of about 75%. That is cost recovery for the service rendered. It doesn't include the day-to-day operations of the department in terms of manning the counter and providing general services to the citizens that may call, email or come to the counter.

Mr. Boyle stated that completed his presentation and asked if they had any questions.

Mayor Medellin stated that Mr. Boyle said no new positions were requested and asked if that meant he didn't need any new positions.

Mr. Boyle stated that at this point in juncture, the Planning Department is prepared to function at its current staffing and do the all the responsibilities of the department over the next fiscal year.

Mr. Tooley stated he would add to the discussion. He stated one of the primary purposes of the Tax Sharing Agreement was 1.) to get the new Sphere of Influence and 2.) to put themselves in a position to annex additional territory into the City. Nothing so defines their service delivery plan and their revenue plan as land use and so one of the key missions they should be talking about this year once the County follows through on their commitment to include the new area in the sphere will be to how aggressively they pursue the annexation process.

Mayor Medellin stated that is a good point and kind of where he was going. He thanked Mr. Tooley. Mayor Medellin stated that with that and wanting to expedite and continue to be as efficient as they've been and he's seen a lot of great things on the horizon so that is kind of why he was asking about Mr. Boyle's department.

Mayor Medellin stated that in regards to Cost Recovery, they are not at 75% now and asked if that was correct.

Mr. Boyle stated they are not. He stated that their current average cost of recovery for an entitlement is 60%. He stated that using the Fee Study that they did at their last Fee Schedule update, he asked his staff to give him a brief update and as he's noted to Councilmen in various meetings, his position would be that the Development Services are always on sale in the City and they remain below the average and below the median for the 10 cities that they use in the County to look towards measuring their value to the citizen.

Mayor Medellin stated he definitely supports the increase as he supports the value.

Mayor Medellin asked if there were any questions of Mr. Boyle.

Council Member Oliver asked if the 15% fee increase was across the board for each fee associated with the permit: Conditional Use Permit, Rezone. He asked Mr. Boyle to elaborate.

Mr. Boyle stated he would defer to the Community Development Director.

Dave Merchen, Community Development Director stated that was a good question. He stated that the last time they did a user fee study for Development Services was in FY 13/14 and it was early in calendar year 2014 when that schedule was adopted. They went back through the 17/18 costs and rolled them into the spreadsheet; essentially the calculation model that the consultant prepared for them back in 13/14 and that generated new cost of service.

Mr. Merchen stated the difference between cost and fees are that the spreadsheet calculates what it costs them to provide a service. So let's say that a Site Plan Review costs \$2,000 of time and materials to produce. The permit fee is set at a percentage of that amount and the previous baseline number, the general number, of cost recovery that the Council set in 13/14 was 60%.

Mr. Merchen stated the level that is recommended now, the baseline, is 75% but there are a variety of other policies that the Council endorsed when they adopted a fee schedule previously and they haven't changed those. So things like corporate style/developer style permits are set at 90 or 100% of fee recovery. Things like only a large developer is going to need.

Mr. Merchen stated that the mom and pops style Conditional Use Permits [CUPs] are going to be at the lower end of those spectrums.

Mr. Merchen stated that the way that they stack multiple permits together, so for instance whenever someone needs a Conditional Use Permit in the City they also need a Site Plan Review, they've varied over the years as to how that's done. The today policy is that they pay for the most expensive permit and charge 50% of the cost for the second. They would propose to change that to 100% for the first permit and 75% for the second which is a little more in line with what they think the consultant suggested that they do back in 13/14.

Mr. Merchen stated it is not an across the board increase. It is a calculated increase according to the time and materials expended on each kind of permit.

Mayor Medellin stated he raised an interesting point. That it's based on an average of time and materials. It does not necessarily mean that each permit is going take those same amount of hours. Sometimes it's increase 20, 30, 50% but they still stick to that same formula of \$2,000 and then a portion of that so even if they're getting 60% recovery, it could be as low as 40%.

Mr. Merchen stated that Mayor Medellin as a former member of the Planning Commission knows these terms inside and out.

Mr. Merchen stated that a Conditional Use Permit may be for a very large auto dealership or auto mall or it might be a Conditional Use Permit for alcohol sales at Applebee's. It's easy to say it's a CUP so it should be \$2,000. What they have identified is that they have tiers of CUPs. They have easy ones which might be 50% of cost versus the larger more likely to be corporate style CUP which is going to be at the higher end of that range. They are absolutely based on averages rather than trying to specifically calculate on an individual permit by permit basis what the cost is and required deposits and paybacks and those sorts of things.

Council Member Rodriguez stated that Mr. Boyle mentioned comparison to other cities and asked where the City stands as far as the rates for those fees.

Mr. Boyle stated they are still much lower than many of the municipalities that they use as examples. As an example and in support of the Community Development Director, the median for a Conditional Use Permit in the 10 cities they use as comparison was \$4,638. Mr. Boyle stated that with the fee schedule adjusted, their use permits will be 2,225 so they are talking half of the regular price. Similarly with their fee adjusted, a Tentative Tract Map will be 4,550 and the average cost will be 8,789 for other municipalities. They do feel they have a more than competitive advantage over the competitor; the adjoining municipalities within their geographic range.

Mr. Tooley stated that also presents an interesting problem for them because every industrial project proponent who comes in wants a deal. They want some reduction of the fee structure and if they are already at half the price of everyone else, where do they go. He stated that a lot of times unless they get a deal, unless they can experience the win, they don't want to play so he's almost inclined to recommend to them that they go to full fee recovery and then they'll institute a let's make a deal system.

Council Member Rodriguez stated that maybe this is not an easy question to answer but asked if they are already at the very bottom of these fees then why aren't businesses jumping at something like this especially in Industrial and Commercial zones.

Mr. Tooley stated he could answer that question. He stated it is because fees don't tip the scale.

Council Member Oliver asked if this would represent roughly about an \$80,000/\$85,000 increase in revenue with those adjustments.

Mr. Boyle responded affirmatively. He stated that with that adjustment although he notes they are talking about a 75% cost recovery for their entitlements if they look at the bottom line, the department when it's said and done has about a 50% cost recovery. When they look at all their salaries and M&O versus the revenue generated by the department, they are almost spot on at 50%.

Council Member Oliver asked if it would behoove them, as Mr. Tooley suggested, to maybe look at 100% cost recovery with that 25% wiggle room on some incentive program or those representing a certain number of job creation or a million different markers.

Mr. Tooley stated that this evening they are making a defined recommendation to them on fee recovery. This thought process about maybe going to full fee recovery and develop some incentive programs, that's an internal discussion that is taking place and in fact they are looking at best practices of other cities. He stated they might anticipate a future discussion on that.

Mr. Merchen stated there was one final clarification. He stated the revenue estimates that are shown in the Planning Department's budget do anticipate an update to the fee schedule but only nine months of that fee schedule so they are anticipating some time to prepare a formal schedule, circulate it among the development community and then have a discussion back in front of the Council. So should they choose to incorporate a modified system or incentive based system, there's time to do that.

Mayor Medellin asked if there were any other questions.

Council Member Rodriguez asked Mr. Boyle if any of those fee increases were projected in their outgoing years in his budget.

Mr. Boyle asked if Council Member Rodriguez could re-frame his question.

Council Member Rodriguez asked if any of the projected fees or potential fees that they can increase were projected in this budget.

Mr. Boyle responded affirmatively and stated they are accounted for as the Community Development Director just noted. Nine months of that fee schedule update is reflected in revenue.

#### Building Department

Steve Woodworth, Chief Building Official stated the status is basically unchanged for the years 16/17 and 17/18. He has a final 16/17 estimate of 830,000. He has no additions to his personnel. Salaries will remain the same for the upcoming year. There are no substantive changes in Maintenance and Operations.

Mr. Woodworth stated they've had a good year. They've been fortunate to have a lot of solar. The solar industry is big right now.

Mr. Woodworth stated they hope to get some tentative maps in the future from local builders and hopefully that turns into more single family dwellings in the City which they hope will increase their revenue for next year.

Mr. Woodworth stated that was the end of his presentation and he would answer any questions.

Mayor Medellin asked if there were any questions of Mr. Woodworth.



Council Member Oliver asked that he elaborate on the Contracted Services line item. They budgeted for about 200,000.

Mr. Woodworth stated that Contracted Services is for their outside Plans Examiner who is also the Interim Fire Marshal. He does a lot of their plan checks. He also does Business License inspections and fire hydrant, fire flow and that type of thing that CalFire doesn't do for them. They are more on the preventive side of Fire instead of the suppression side. That is also for if he needs to consult with an outside structural engineer or any of those contracted services for large commercial projects that they don't do in-house.

Council Member Oliver stated that kind of piggy-backing off of Mayor Medellin's question to Mr. Boyle with regard to their staffing levels. Council Member Oliver asked when they look at the demand for, when they look at uptake and possible construction and new development, what is he foreseeing internally as far as having the staff resources to attend to those needs.

Mr. Woodworth stated that currently they are holding their own. He stated that when that time comes, they'll talk to the Council about any changes in personnel levels.

Mayor Medellin asked if there were any more questions for Mr. Woodworth. No questions were asked.

### Engineering

Keith Helmuth, City Engineer stated that overall, their expenditures for this year are increasing by about 1.3%. He thinks he corrected that in a later version of this, about 1.1%.

Mr. Helmuth stated their revenues have a proposed increase of about 5.5% while salaries and benefits are reduced by 3.8%.

Mr. Helmuth stated there is a proposed increase of 72,000 or about 54% in Maintenance and Operations. He stated he would go into more detail on those in a couple of slides later.

Mr. Helmuth stated that there are significant personnel cost changes. They've removed one unfilled full-time Engineering position and what they are doing to take up the slack is that they are bringing in a part-time drafter. What they've found is that a couple of the Engineers are spending a fair amount of time on drafting so what they do is give them that time back and bring in a part-time drafter. That person is a temporary design drafter not being hired directly by the City and what that works out to is an overall budget savings of about \$40,000-\$50,000 in the next year.

Mr. Helmuth stated that for significant cuts, one of the things he noticed was that fuel costs went up fairly significantly in the last year. It's minor. It's like \$1,500 to \$2,000 but it kind of surprised him.

Mr. Helmuth stated they are paying for that temporary drafter through Contracted Services. They are going from 28,000 in 16/17 to 75,000 in 17/18. He also added a little bit more training time in there.

Mr. Helmuth stated one of the measures they are taking to increase revenues is the increased fees for cost recovery. That's increasing modestly. He thinks it's around \$7,500 to \$10,000.

Mr. Helmuth stated they also have a COLA adjustment on any other sources that are out there.

Mr. Helmuth stated that as a department they really don't have proposed Capital Outlays but they do a lot of the Capital Projects so what they see in the Capital Improvement Program is pretty much what they do in terms of Capital Outlays and those are usually on the order of millions of dollars per year.

Mr. Helmuth stated that was his presentation and he would answer any questions.

Mayor Medellin asked if there were any questions about the Engineering Department budget. No question were asked.

### Public Works

Dave Randall, Public Works Operations Director stated Public Works has seven working divisions. There are about 20+ budgets within there.

### Public Works - Graffiti

Mr. Randall stated that the Graffiti budget is the only budget that really kind of impacts the General Fund. Everything else is Enterprise or Inter-service funds or has its own revenue source.

Mr. Randall stated there aren't any changes in revenues. Everything being transferred into this fund is the same as it was last year. There are about \$144,000 that they received from Gas Tax, Water, Sewer and Solid Waste.

Mr. Randall stated there are no new positions being requested. There is a minor decrease in Salary Expenses due to a small change in how personnel costs are allocated within their budgets.

Mr. Randall stated there is an increase in Maintenance and Operations due to the vehicle depreciation. He stated they heard from other departments that it was deferred last year.

Mr. Randall stated there are no Capital Expenditures or debt service in this budget.

### Public Works - Streets

Mr. Randall stated that Streets, the other portion of Public Works that is in the General Fund, does not actually impact the General Fund balance because it has revenue that is brought in. He stated that in the slide they may see a \$2,000 actual increase. They have to fix that part. Basically, for every dollar they expend, they get it from another source so it will come out as zero in the end. A big major portion of that comes from Gas Tax. Measure T, Solid Waste, Water fund and Sewer fund also contribute for repairs to the roads that they cut up.

Mr. Randall stated there no new positions being requested. Salary expenses have slightly decreased again. There is no substantive change in the Maintenance and Operation.

Mr. Randall stated there is a \$682,000 allocation for a project. Measure T has supplemental funds of about \$340,000 that they receive every year. They wait every other year to do a project to have a significant enough size to get better bid prices. This is a year when they will be doing a project. It will be for local street maintenance. They haven't selected the exact project yet but it will come back to Council for approval.

Mr. Randall stated there is a new proposal for a water truck for \$65,000 in Capital Expenditures. He stated they've been watching these costs and they found it will be more cost effective to purchase the water truck than the cost of leasing them as they do now.

Mr. Randall stated there is no debt service in this budget.

Mr. Randall stated he would answer any questions.

Council Member Oliver asked that as far as this budget forecast and in future budgets are they able to anticipate any additional monies made available by SB1 the Transportation Funding Bill. He knows that there are some estimates provided when they did their preliminary calculations at around 2 million or 2.2 million that could potentially be available to the City of Madera. He knows there are very different revenue sources that would come from but asked if that was used at all in this calculation.

Mr. Randall stated that they will have some money part of next year. They won't have the full amount. He thinks they don't start collecting monies until November. They will be coming back to Council probably at mid-year to go over a list of projects that have to be approved by Council and made part of the project in

order to be eligible but the State hasn't even drafted those rules yet so they are still learning what they have to do. There is a significant amount of money that is involved in that additional new Gas Tax. The MSMR dollars. Where exactly they are going to spend that will sort of be a game. Probably some of it will be changing what they call different projects and moving monies around but it is new money that will help them with some of the improvements on their streets.

Council Member Oliver stated that he thinks in the future when there is more clarity there and more definition from the State, he would appreciate an update. Not necessarily a workshop, but a department update as to how those monies will impact this department in the City for the better.

Mr. Randall stated that he and Mr. Helmuth are watching that with bated breath. They can't wait.

Mayor Medellin stated that they approved M&O last year so he'll have to remind him what that was but under Other Maintenance Supplies they were at about 40,000ish or so. Last year they approved almost \$670,000 and this year it's almost \$680,000 under Other Maintenance Supplies. He asked Mr. Randall to be specific on that.

Mr. Randall stated the aggregate fund includes things such as their patch material, all their materials, all their various supplies, contracting out for patches and things. He stated it adds up quick. It is a lot but that is the normal material cost of performing....

Mayor Medellin stated it is materials rather than itemize each and every little thing that it is and Mr. Randall responded affirmatively.

Council Member Rigby stated it was sort of a catch all.

Council Member Rigby asked if it is cheaper right now to continue on with the Contracted Services and positions that they are incapable of fulfilling because of experience or what not. He knows that earlier this year the Council had approved to contract out services for a position that they had yet to fulfill. Noticing that they are no longer seeking that position, he asked if they were going to honor the freeze and maintain the contracted position or .....

Mr. Randall stated that in the General Fund, they don't have any of those positions. That's in the Sewer fund which is an Enterprise fund so it wouldn't be applicable. There's a pretty good work pool for maintenance workers. Where they have a hard time is getting certified Waste Water Treatment Plant Operators and certified licensed Water workers.

Council Member Rigby thanked him for the clarification.

#### Parks and Community Services

Mary Anne Seay, Parks and Community Services Director stated that they did it a little bit differently but are capturing basically the same information. She stated she would dive into the details but this is kind of the overall position of the Parks and Community Services Department for 17/18.

Ms. Seay stated the requested budget represents an 8.8% increase in General Fund support over 16/17 levels.

Ms. Seay stated revenues are slightly down and she will touch on that in a future slide. She thinks they are going to have some good news there.

Ms. Seay stated that because of the Cost of Living increases and step and column increase in salaries and benefits, the 2.7% increase actually represents a reduction in part-time staff hours.

Ms. Seay stated that Maintenance and Operations is up 11.9%. She stated she would touch on that soon. Same with Capital Outlay where they are requesting \$20,000.

Ms. Seay stated they are not requesting any additional staff at this time and the 2.7 increase represents the Cost of Living raise expected in July in addition to any step and column increases or longevity pay that is expected in this upcoming fiscal year.

Ms. Seay stated that the most significant increases to M&O and this is almost to the penny are \$179,880. All from five major places. One is Facility's Maintenance increase of \$45,000. That's an Interfund charge as is the charge for Vehicle Repairs which will be going up \$9,600. Ms. Seay stated that Council may recall they suspended the vehicle replacement schedule last year and they've put that back into place so that impacts Parks and Community Services by \$56,721.

Ms. Seay stated that Contracted Services – Janitorial was increased by \$35,000 over last year and PG&E is expected to increase \$33,500. All of those things really fall outside of the boundaries of their control. What was internal to their control, they found about \$18,000 worth of cost savings so they reduced that increase of \$179,000 down to somewhere around the \$162,000 mark.

Ms. Seay stated that in regards to measures to increase revenues, they are in a perpetual hunt for outside resources including small grants from PG&E to larger grants from CDBG and other such grants. They cost allocate their staff time to some in some cases and in others like the Senior grant, for example, they got mostly pays for the part-time temporary staff at Frank Bergon [Senior Center] and PAC as well as some full-time staff.

Ms. Seay stated that in regards to Fee for Service Contracts, this is where she said they might have a little bit of good news. They have a Fee for Service Contract with Madera Unified School District. Presently, they pay them \$147,000 annually to provide after school recreation programs. That's going to continue into the next year. She stated Council may recall that in April they passed a contract with Madera Unified School District for Parks to provide recreation and enrichment programs to foster and homeless youth. That program was a pilot program. It was for \$60,000. It's worked really well. Both sides are interested in entering into an agreement for the upcoming year. Those of them that were at the Realtors Association meeting last week saw 90+ kids in a camp. That was paid for with these program dollars. Moving forward, what they are telling them presently is that they should expect \$80,000 for the upcoming year at the low end. Obviously, that would mean an increase in M&O and more likely in part-time salaries. They do also anticipate at least 50% of that would be relief to the General Fund.

Ms. Seay stated this the second year they've used Gas Tax to pay for median island maintenance. As she mentioned in her presentation last year, this is not a sustainable way to use Gas Tax. It is helping relieve the burden to the General Fund in the current climate and they are electing to do that again this year.

Ms. Seay stated there was an asterisks there that said, "Not reflected in the proposed budget" because she had it all detailed and then she realized she'd taken it out, so she apologized for that.

Ms. Seay stated that she wanted to mention that their staff analyzed the Master Fee Schedule to figure out where they might be able to increase fees and unlike the Planning Department that has fees of \$2,200, they are charging kids \$1.50 to go swimming. She stated she, Mr. Tooley, Mr. Przybyla, Business Manager Mark Etheridge and people in her department have had repeated discussions about full cost recovery in some programs and what they found when they compared themselves to eight different jurisdictions both small and big cities around that were right in that middle, they're not charging less than other people and they're not charging more than other folks in most instances so they are going to do analysis on whether or not they can increase some of their fee based programs. This isn't going to save the General Fund by any stretch but it's a philosophy that they've always maintained that they have a balance of fee based programs and free programming and it may be that the climate is such that they have to increase their fee based programs and those things are yet to be determined.

Ms. Seay stated they are requesting \$20,000 in one-time Capital Expenditure for playground replacement equipment. The only two playgrounds they have in the City that are currently under warranty, she'll give

them two guesses, is the one at Centennial Park that just went in in November and the one at Knox Park that went in in October. Other than that, all of their playgrounds are out of warranty and so when a slide breaks or is vandalized and they have to replace it, it's been the practice of making it safe by boarding it up but then they don't get the slide until they have resources to pay for it so they are requesting \$20,000 this year to make some of those repairs throughout the City.

Ms. Seay stated there are no changes to the debt service to the [John Wells] Youth Center. They have this upcoming fiscal year and then the following year and then they will be finished with that. That is \$194,000 that comes out of the Parks DIFF every June so they will be excited to get that paid off pretty soon.

Ms. Seay stated that she and Mr. Tooley had a pretty lengthy conversation about strategies for moving forward with the budget and he asked that she include these slides that are not necessarily following the trend of what other people were discussing. She asked what some of the things are that they could cut or scale back on because it is a difficult time moving forward and over the next five years. She knows they know this. She's preaching to the choir a little bit. She stated if they offer a program, a service or a maintenance activity it's because they feel there is value to it so any recommended cut know that it comes at a lot of pain for people in their department because they feel there's value in what they provide so if they hear her offer something up know that it's not done so happily.

Ms. Seay stated these are not recommendations in as much as it is information so that they can all be on the same page and move forward together.

Ms. Seay stated that the 4<sup>th</sup> of July is an expensive day. They can see from the expenditures it is \$58,000 for one day. People often ask if they get the fireworks paid for and the answer has always been from her a qualified yes. The fireworks cost \$25,000 and they raise about \$30,000. That leaves about, give or take on the year in terms of how much they expense or how much resource they bring back in, \$28,000 in hard General Fund costs every year to have a one day event. Ms. Seay stated there is value in that one day event. When they add into that the somewhere between 5 and 600 staff hours throughout the course of the year that could be spent on maybe revenue generating activities or something else it becomes an even more expensive day and they haven't quantified that because there are so many different position levels from her and even the Purchasing Manager to the Business Manager, a Park Worker I and a part time Recreation Leader so it's hard to really quantify and get Council an exact hard number on what the soft cost would be for that but it is an expensive day.

Ms. Seay stated that additionally they have the Spring Eggstravaganza. She knows it's near and dear to people's hearts. It's a half day program; basically an Easter egg hunt and after revenue and sponsorships, that's a \$9,000 morning so that is something for their consideration.

Ms. Seay stated their support of Fiesta in the Park, again they recognize this is not fun, these are place making events but together the Fiesta in the Park, the Spring Eggstravaganza and the 4<sup>th</sup> of July could net about a \$40,000 net positive to the General Fund.

Council Member Rodriguez asked what those costs are associated to when she mentions Fiesta in the Park and that other Extravaganza. He asked what they are alluded to. He asked what they are attributed to.

Ms. Seay stated that for Fiesta in the Park they would purchase some equipment and materials to take out to the event whether it be for little organized games, family fun games or whatever they are doing but the bulk of the resources are spent on staff time.

Council Member Rodriguez stated staff time kind of like the 4<sup>th</sup> of July.

Ms. Seay stated it gets really expensive because it's a holiday and those full-time people are getting paid double and a half time.

Council Member Rodriguez stated contract those services out.

Ms. Seay asked contract the services for the....

Council Member Rodriguez stated he is asking if it is cheaper to contract services out for that day.

Ms. Seay stated that she's never considered that. She doesn't know if somebody...

Council Member Rodriguez asked that they have to pay holiday pay for that day and Ms. Seay responded affirmatively.

Council Member Rodriguez stated he was just throwing it out there. He stated he wasn't sure what those other fees were for. He asked if that was mainly for her staff.

Ms. Seay stated it's the cost of doing business. A lot of it is staff time.

Council Member Oliver stated that has to be at least a 12 or 14 hour day when they consider the golf tournament and the fireworks show.

Ms. Seay stated it's 17.

Ms. Seay stated the potential elimination of some programs or reduction of program hours would also be on the table.

Ms. Seay stated they did reduce Senior Services time by an hour or two some time ago and they were able to increase that back.

They have an Adult Day Care Program at 6<sup>th</sup> and I Street right now and when they back out the revenues and full-time staff, they could have a General Fund savings of \$70,000. Presently, they are serving 10 clients at that program. That's about \$7,000 per client. She stated nobody in the City recognizes the value of that more than the team who work on that program. She stated that for the 10 people that are there, it's important.

Ms. Seay stated balance that with eliminating drop-in after school recreation at Pan Am Community Center where the cost of more like half of that for the entire year where they are serving maybe 40, 50, 60 a day maybe 20, 30 depends on the day it balances out to just a significant difference in cost per program participant recognizing fully that the services are very different.

Ms. Seay stated it's just some things that Mr. Tooley asked her to have Council think about.

Ms. Seay stated she would answer any questions.

Council Member Rodriguez stated he had to say that the amount of money that is spent for the 4<sup>th</sup> of July... He's looking at those numbers and that's pretty amazing on what an hour of fireworks can really cost. As far as the other programs she mentioned, he knows that they have a lot of value in the community and not something that he can recommend today but at least consider that maybe they scale back on that show so that she doesn't really cut other services that are more important that go more than just a day; possibly a year. He stated those numbers are pretty high but he understands the value that it brings to the community. He doesn't know how long it's been going on. He's been going to it the last seven or eight years but he doesn't know prior to that if this was a tradition that Madera continually has. Council Member Rodriguez asked if Mr. Tooley could answer that for him. He asked if that is something that they've always had in Madera.

Ms. Seay stated it was a long standing tradition. It used to be held at Lions Town and Country Park and it was suspended for some time. She understands it was budget concerns. It was brought back the year

before she came in 2007 so she thinks the July 4<sup>th</sup> 2007 was the first year they had it out at the golf course and it's been there every year since.

Ms. Seay stated that all staff aren't there for 17 hours but some are and the golf tournament really is the largest funding mechanism to the evening so to cut one part without the other is really not....

Council Member Rodriguez asked how many attendees are present at this function. He stated he's not trying to throw the presentation off but he just brought a lot of interest.

Ms. Seay stated they estimate, based on the amount of cars that are parked in the parking lot in the evening, around 5,000 people come out from all over the area. A lot of neighboring communities have stopped with their fireworks show. She stated ours has gotten a good name for the fireworks themselves quite excellent so they see a lot of people coming from out of town. They like that.

Council Member Rodriguez asked if the City has imposed a parking fee or something like that in the past. He asked if that is something that's normal.

Ms. Seay stated they've talked about that and they've landed on it being an extreme safety hazard because everybody doesn't trickle out. They wait until the sun goes down and they already work with CHP and PD to..... Sometimes traffic is actually backed up onto the [Highway] 99 so if they were to take parking, they are concerned that they would back traffic up even further and for the \$10,000 they may get they didn't feel it was worth the liability. They've talked about it recently and they can certainly revisit it again and they'd be happy to listen to people's opinions. Ms. Seay stated that she thinks the best way to do it if they were to go that route would be to hire a third party that has that experience of getting people in and out quickly and safely versus some of their part-time staff who don't have that parking experience.

Council Member Rodriguez stated that is something they can revisit later. He just wanted to ask a couple of questions in regards to those numbers she presented.

Ms. Seay stated they've also considered charging a gate fee. They spoke to the Chamber of Commerce in Kerman and they charge a gate fee. The problem is the golf course is open and people can just come from the almond orchards. They can come from all directions so it's tough to charge a fee with that layout.

Council Member Oliver stated he agreed. The 4<sup>th</sup> of July Spectacular is such a great opportunity to showcase the City and kind of the same level as the Pomegranate Festival and any time you bring 5,000 to a venue or a facility maybe there's some opportunities for additional exhibitors or rent booth space or something to that extent. He likes the questions as far as future maybe community partnerships whether it be with service clubs or the Chamber [of Commerce] or others that have stepped into those community event roles because it certainly is eye opening to see that \$17,000 cost figure.

Council Member Oliver asked if they were doing an analysis in regards to Facility Rental Fees, to see if they're in line or if they should be looking to increase fees for building rentals or to utilize the fields.

Ms. Seay stated they look at that on an annual basis and they do it in a number of ways. They look at their trend lines and they look at neighboring cities to see what they're doing. There have been times when they've actually reduced rental rates at locations to try to drive more rentals because they were sort of outpricing themselves to rent the Pan Am Community Center so they dropped the rental rates and saw more people take advantage of that opportunity. They analyze it on a pretty regular basis and they try to keep it on that borderline of being as high as they can go without driving people away.

Council Member Oliver asked if for the John Wells Youth Center they're not anticipating any rental revenues of the facility during this upcoming year.

Ms. Seay stated they don't have very many. One of the challenges to that is they have programs going on pretty much all the time. It really is coming to fruition so it's a difficult discussion but they have had some

in the past mainly by way of partnerships with the school district or [Valley] Children's Hospital; those kind of things.

Council Member Oliver stated school dances and things like that and Ms. Seay responded affirmatively.

Council Member Oliver asked how far the \$20,000 Capital expenditure would get them regarding the deferred maintenance required at the park's facilities as far as those repairs. He asked if that was going to benefit one or two playgrounds or is it really going to move the meter for those facilities.

Ms. Seay stated it would move the meter for now but recognizing that is on-going. The slides have been vandalized before. Now, she thinks it pretty well gets them full slide replacement and there are a couple of other apparatus that need to be replaced that aren't slides but that would pretty well get all of their tot lots and play features back to their original condition so to speak.

Mayor Medellin stated he and Ms. Seay have had extensive conversations going back to when he got on the Council and coming from the retail side of it cost recovery for him was if it cost \$1 and he sells it for \$1.38 he breaks even so the budget at the City where they are well below cost was a big question.

Mayor Medellin stated he's had a lot of conversations about that but Ms. Seay had explained to him the community service in the title Parks and Community Service and so when she talks about the value he doesn't think there's anybody up there that would disagree that there's not a program that they don't have in place right now that does not carry so much value in their community from the seniors to the meeting they had about a week or so ago where the John Wells [Youth] Center was packed from kids indoors and kids swimming outdoors so there is a lot of value and they do understand completely that it comes with a cost.

Mayor Medellin stated that at the same time Ms. Seay had stated that revenues are down and expenditures are up and it looks like an 888,000ish or so in revenue and for 4.89 million in expenditures or 12% of the budget. That's a large number when they are sitting there this evening to try to fill a million dollar hole. Mayor Medellin stated he agrees with his colleagues. He thinks it's a conversation to have and to really look at meticulously and find out where they can possibly raise revenue. He thinks he would like to go there first. It would be great to raise revenue before they make some cuts to the community and that value that they have.

Mayor Medellin stated they had the conversation about the 4<sup>th</sup> of July golf tournament, The Spectacular. People come from miles around from neighboring cities to Madera and it's hard to quantify what that value is. There is no charge because it's the community service and it's a wonderful, wonderful day but as a Council they are put up there to make difficult decisions and he thinks this may be an avenue that they're going to have to pursue in the short term.

Mayor Medellin stated he's not telling her anything she doesn't already know. She and her team do everything constantly to raise revenue but \$1.50 to \$1.65 or \$1.75 is not going to get them where they need to be. They will continue to work together. They will continue to hear from her on some other ideas and suggestions to fill this deficit that they so desperately need to fill and quick.

Mayor Medellin stated that it was very heartwarming to go to the John Wells [Youth] Center in the summer and see so many kids enjoying the amenities they have as well as Knox Park and at Pan Am [Community] Center and things of that nature. It's great. It really, really is.

Mayor Medellin asked if there were any other questions of Ms. Seay.

Council Member Holley stated they talked about the Extravaganza for the 4<sup>th</sup> of July. He's been dealing with this 4<sup>th</sup> of July issue over 20 years. He loves it.



Council Member Holley stated he's been going every year for the last 20 years when it was at [Lions] Town and Country Park. He was so fortunate to have a little trailer to where they called it a hayride.

Council Member Holley stated sometimes they look at things that are for kids. He knows they talk about cost efficient but when they try to inspire into their kids what can they do to make their community happy and the way they do that is make kids happy. Council Member Holley stated as they moved from [Lions] Town and Country Park out to the golf course that doubled in value.

Council Member Holley stated it brought on to safety as well. They had kids all around neighborhoods shooting off fireworks all over town. Fire hazards and fire things breaking out. When they moved it out there they saved a lot of hazard things going on because everyone was there shooting off their fireworks. Police and farmers didn't have to run all over town to put out major fires that were really occurring. So they talk about safety and they talk about things that value. Those are values. If they didn't do that, house caught on fire. There's money spent. They don't look at those little things but there's money spent out of somebody's pocket because of a fire hazard.

Council Member Holley stated they're looking at little pinching pennies and dollars of what they could save but they are already saving. They are already saving a whole lot for kids coming out at a one.... He had family come from all out of town just to be out there that one particular day.

Council Member Holley stated they bring a lot of value to the City plus they bring revenues for those who come to spend money. It may not be on the top dollar but as their businesses, they're still gaining.

Council Member Holley stated sometimes they want to figure out how they can cut and save but they're really not cutting and saving. They're really costing themselves when they do those kinds of things; when they take out certain programs or jack up the prices. When they jack it up, you eliminate other people.

Council Member Holley stated that as Mayor Medellin said they need to really look at it as a whole and see what the avenues are and what the value is for their community.

Mayor Pro Tem Foley Gallegos stated she looked at the Parks and Community Services Swimming Pool budget under Maintenance and Operation Other New Equipment. She knows their swimming pool is used by Madera Unified [School District], by swim lessons, open swim and they have party rentals there. She stated she didn't see it there and asked if a diving board is in the CDBG funds. They haven't had a diving board at that swimming pool in a few years if she's not mistaken.

Ms. Seay stated it is the second year they are absent a diving board and with the \$430,000 awarded in last year's CDBG appropriation they are going to replace the diving board.

Council Member Robinson stated he was thinking about revenues. They go to different places and they highlight their gift stores. They sell official City logos. For senior citizens they might have item/products that seniors could use. They might want to buy. They have people coming from other cities, they might want to bring home a gift so that might be something they can think about; a gift center.

Mayor Medellin stated to increase revenues and Council Member Robinson responded affirmatively.

Mayor Pro Tem Foley Gallegos stated they talked about increasing revenue. She asked if there were open office spaces on the bottom floor of the John Wells [Youth] Center that they could rent out and bring in some revenue.

Ms. Seay stated there are. They had co-locators in all four offices; Police Department being one and one by one they've all vacated. With more and more programming that they have, the after school programming, they find themselves with a need for those offices but part of the reduction in revenue is about order of magnitude \$8,000 from RSG for the year to rent the two offices that they vacated.

Mayor Pro Tem Foley Gallegos asked if they only have two offices that they can rent.

Ms. Seay stated that they have two offices that they could potentially rent.

Mayor Medellin asked if there were any questions of Ms. Seay. No questions were asked.

### Grants

Ivette Iraheta, Grants Administrator stated that this section of the budget represents the CDBG funds. There aren't major changes in CDBG. As Mr. Przybyla mentioned earlier it is money, money out. She stated they plan their budget consistent with their allocations on a yearly basis. They are not making changes to personnel. Ms. Iraheta stated that the only increases are the standard salary and fringe raises that have already been approved.

Ms. Iraheta stated they will see some increases in Expenditures under 17/18 particularly in the Capital Outlay budget percentage and that has to do with carryover and Entitlement and Expenditures from previous years. That is why they see significant expenditures in some of the line items.

Ms. Iraheta stated that CDBG allocations were out last week, had released their numbers and their overall increase was about \$44,500 and as Council approved, that will be proportionately distributed across the activities. An example of that is before them is about a 5 to 6% increase; sidewalks projects, pedestrian safety. Hopefully that helps out different programs budgets a little bit this coming year.

Ms. Iraheta stated that in Administration the increase is \$8,000 so they will definitely make good use of that in this year's budget.

Ms. Iraheta stated that was all she had for them under this section.

Mayor Medellin asked if there were any questions of Ms. Iraheta. No questions were asked.

Mayor Medellin stated they skipped over the Graffiti.

Mr. Przybyla stated that Mr. Randall covered that Graffiti budget. He stated he is glad Mayor Medellin brought that up because they just talked about the CDBG budgets and as Mr. Randall indicated there's really no change in the Graffiti budget from last year to this year but in the prior year they lost the CDBG funding so it's just one of those things that is a step backward for them from the loss that they had of CDBG funds that helped to fund operational expenses including Graffiti.

Mr. Tooley stated that one of the trend lines that they all need to pay attention to is that increasingly it can be the restrictive nature of uses of Block Grant funds and their inability to use that to support the General Fund.

Mr. Tooley stated that in fact the next budget that they are going to hear, Neighborhood Revitalization, initially that department used to be paid for by 1/3 Redevelopment, 1/3 Block Grant and 1/3 General Fund. It is now 100% General Fund.

Mr. Randall stated that just to be clear, the budget in Public Works is just for the graffiti removal. [Neighborhood] Revitalization does a lot of work in the public side of it, programs for the school, etc. The cost that Council saw was just for the actual removal of the graffiti off the walls, etc.

### Neighborhood Revitalization

Viola Rodriguez, Neighborhood Preservation Supervisor stated that the Neighborhood Revitalization Department is projected to see a slight increase in the overall budget.

Ms. Rodriguez stated that starting with the Revenue category, Code Enforcement as Mr. Tooley brought out, in the past was funded in part by 1/3 Redevelopment, CDBG and General Fund but since two of those

have gone away it's now totally dependent on the General Fund. She stated she'd like to point out at this time that in 2010 revenues from outside sources began reducing the level of General Funding and a major portion of the revenues were due to the foreclosure crisis.

Ms. Rodriguez stated that the next slide shows a significant amount of revenues that was received during the past seven years and of course a majority of this was from fines and penalties and also the foreclosure but because the foreclosure is slowing down they will see a decrease in revenues. She stated they will continue to see revenues from the registration fees, fines and penalties, the weed abatement and of course their grant programs will still be the same for the vehicles and the waste tire.

Ms. Rodriguez stated the next one is a hard one. They will see a 22% increase. That is because of personnel costs going up and also because they are asking Council to consider adding two full-time positions to the department. They have been short-staffed since 2012 and this is due to resignations and retirements within the department and since then they have been running with a staff of five. What that means is that they've divided the City into seven service areas among five staff members so that means that there are two staff members that are carrying a double load.

Ms. Rodriguez stated that looking at the anticipated Rental Housing Program if that is approved they will be looking at doing 1,000 inspections a year so that is going to add to the total caseload that they are currently carrying per staff member.

Ms. Rodriguez stated that Neighborhood Watch have continued with their meetings which has increased citizen engagement so that too has resulted in expectations that are relative to property maintenance standards so this is going to also increase the calls that they've had for service.

Ms. Rodriguez stated that in Maintenance and Operations, they see a decrease of 5%. No substantial changes. She stated they did go through a line by line item with Mr. Przybyla and his staff and they did make some changes to their budget. \$9,000 or 3% was attributed to the foreclosure reduction.

Ms. Rodriguez stated that in summary their department is going to continue to be vigilant in the foreclosure activity, Code Enforcement, neighborhood outreach activities and if it is approved the Rental Housing Inspections program.

Ms. Rodriguez stated she would entertain any questions.

Council Member Rigby asked if one of the two full-time staff positions was going to be specifically for the new ordinance or was that something that they will continue to split that up amongst those that are already in the office and everybody is going to take a bite out of the pie.

Ms. Rodriguez stated that they are going to put one person to a service area and that will include whatever rental housing inspections that are in that area will be inspected by that person.

Council Member Rigby asked if the department would still operate in a five service area or does she feel it will go to seven.

Ms. Rodriguez stated they will continue with their seven service areas with, if it's approved, one member for each area.

Council Member Rodriguez stated that the ordinance stipulated that these were homes that were built prior to 1970 and asked if she would say that there are some service areas that probably don't have that much case load and if so would that then help the other service areas. He asked if they can use these individuals to go to different service areas.

Ms. Rodriguez replied affirmatively. She stated their service areas are divided up according to the CDBG areas and there may be less inspections on the City's west side so that person would be used to help out in other areas.

Council Member Rodriguez asked if that in turn would alleviate the case load that they currently have or that they anticipate to have with that ordinance.

Ms. Rodriguez replied affirmatively.

Mayor Medellin stated he was looking at their revenues and expenditures just like he had stated for their Parks [and Community Services] Department. They have \$1.5 million in expenditures and almost \$900,000 in revenue. He stated that is a big deficit of \$700,000 or so.

Mayor Medellin stated one of the suggestions made that evening was a soft hiring freeze. He stated that with the additional two employees and still trying to figure out cost recovery.... He stated he certainly supports the rental inspection but maybe like Council Member Rigby was alluding to he asked if these two new people would not be specifically doing the 20 inspections a week which is about what she had said. Mayor Medellin asked if they would continue to help out in Code Enforcement and if so where does that put them on increased revenue versus expenditures. He asked if they were going to add more to their expenditures. He asked if he is getting cost recovery with two new employees.

Ms. Rodriguez stated that as far as the inspections are concerned, that will be divided up among all seven equally.

Mayor Medellin stated no one particular group, one or two people will be doing inspections. He stated all seven would be doing weed abatement, mattresses in alleys and rental inspections. They would all.....

Ms. Rodriguez replied affirmatively. She stated that everyone would be assigned a certain area and whether there is code enforcement for public nuisance or other issues that need to be addressed including the rental housing it will be performed by that staff.

Mayor Medellin stated he remembers the good ole days when they had foreclosures. It was a double edged sword. They had so many foreclosures that the department paid for itself at least the banks did. He stated that foreclosures are almost nil and so they are not relying on that \$3+ million and now they are adding personnel. He is not saying one way or another. He is just trying to be as fiscally responsible as possible and if they are going to consider a soft freeze this may fall under that particular definition. Mayor Medellin stated that again, he is looking for revenue. He is not looking for increased expenditures.

Ms. Rodriguez stated that when they were looking at their budgets one of the things they looked at were the fines and penalties along with the Rental Inspection Program and they expect to see over \$600,000 in their estimation of additional revenue.

Mayor Medellin stated that is what he was looking for. He stated that was new territory, some uncharted waters for them but that was her estimation.

Ms. Rodriguez responded affirmatively.

Mayor Medellin stated that was not including what the cost would be for two new employees.

Ms. Rodriguez responded that was correct. She stated that they are also looking at another avenue of income which would be the rental business license. There are estimated over 8,000 rentals and they believe that there is under Revenues for many of those that do have rentals but have not registered their business.

Mayor Medellin asked if that would fall under the same umbrella with the new additions or would the RDA be in charge of having them file for the business license that they don't have or....

Ms. Rodriguez responded affirmatively.

Council Member Rigby asked if that would fall under another operating cost for these new employees. He asked if it would be another task that would be added.

Ms. Rodriguez responded affirmatively. She stated that they do have a line item on that in the budget.

Council Member Rigby asked if as a cost recovery.

Mr. Przybyla stated they have included \$100,000 of revenue within their budget for business licensing. In reality that \$100,000 will be generated through the Business Licensing Division under Finance but the City ordinance does call for the revenue generated for rental business licenses to be directed towards their department. In reality they'll be upping the work done in Business Licensing. Mr. Przybyla stated a contract with Muni Services was recently approved. They will be doing an audit so they are looking to increase those revenues. That \$100,000 figure was what Ms. Rodriguez and her department have estimated for increased business license revenues related to rentals but in reality that should not be requiring additional staff work from Code Enforcement.

Mayor Medellin stated they had talked about this years ago. He thinks Ex-Mayor Brett Frazier was wanting to examine that same thing with the number of un-licensed businesses in town. He believes there is a lot to be generated through that audit. He's not sure if it is \$100,000 but they'll see.

Council Member Robinson stated he wanted to know about these people going around doing business without a license, selling food, and pushing carts for ice creams. He stated that is another revenue source. He stated that maybe they can inspect those people selling flowers on the block.

Mayor Medellin stated that Code Enforcement has their hands full with that as well.

Ms. Rodriguez stated they do.

Council Member Robinson stated that then they have to train for the inspecting of the housing; the personnel.

Ms. Rodriguez stated there will be a lot of training going on.

Council Member Robinson asked if that would be in-house training.

Ms. Rodriguez responded affirmatively and stated they as well have a CASIO, which is a Code Enforcement training program. It is an outside agency that trains.

Mayor Medellin asked if there were any other questions of Ms. Rodriguez. No questions were asked.

Mr. Przybyla stated that concluded the General Fund portion of tonight's discussions. He stated they would move on to the summary of Enterprise Fund expenses.

Mr. Przybyla stated if Council wanted to take a short break they could certainly do that.

Mayor Medellin stated a five minute break was in order.

Break commenced at 6:10 p.m.  
Meeting reconvened at 6:17 p.m.

### Enterprise Funds

Mr. Przybyla stated they are looking at a summary of the major Enterprise funds. At the bottom right there is \$4.8 million deficit. They are not as much concerned about that in this case because most of that is related to Capital Outlay; major improvements that are being done primarily in the Sewer Fund which they will talk about in detail in just a minute. That is the big deficit. Sewer for all the Capital projects they have going on.

Mr. Przybyla stated Solid Waste has a \$658,000 deficit. That's kind of a general plan that's been taking place that former City Council agreed that they wouldn't raise rates for a number of years and they are coming to the end of that period where they will be considering raising rates and they've been fortunate because they got a very good contract with Sunset [Waste Systems] which they were lucky to have Mid-Valley [Disposal] buy out. That has kept the rates down for the citizens and there is a fund balance there that this is drawing down from.

Mr. Przybyla stated there's a surplus in Water with less Capital Outlay in 17/18.

Mr. Przybyla stated Drainage is a much smaller budget and is actually projecting a surplus also which is a turnaround thanks to some changes that Public Works made related to costs for drainage facilities moving them to Water for regeneration of water to the earth.

Mr. Przybyla stated those are the major funds.

Mr. Przybyla stated they have the non-major funds such as Airport, Golf Course, Dial-A-Ride and Fixed Route.

Mr. Przybyla stated Mr. Randall would present his portion of the Enterprise Fund budgets, then they would hear from Ms. Iraheta and he will provide a brief discussion of the Golf Course budget. He stated he would get that out of the way at this time.

### Golf Course

Mr. Przybyla stated they're looking like a slight surplus in there but there are a lot of moving pieces in this budget and this is one of the pieces that got away from them.

Mr. Przybyla stated there was about a \$55,000 swing in that budget so that will turn into a deficit to General Fund. The \$55,000 swing is an additional impact to the General Fund but like he said there are a lot of moving pieces so also today they found \$75,000 that was budgeted for something in Grants that they are not going to be expending so it's amazing how much things balance out here.

Mr. Przybyla stated this Golf Course budget will change. It will be shown as zeroing out but it will be because of a transfer in from the General Fund of roughly \$55,000.

Mayor Medellin asked Ms. Seay if there was a pump issue out there or what exactly was that.

Mr. Przybyla stated the swing in the budget has to do with them switching from MAIS to Tyler Munis and from account numbers to account numbers. There's a duplication of about \$70,000 in the revenue line items. It was showing up twice. They recognized that \$70,000 today as Eric Battles, Administrative Analyst was going through looking at the budgets and Ms. Seay was working closely with Mr. Battles. Mr. Przybyla stated that \$70,000ish of revenue was a duplication that will go away. Take that and add it to the \$16,000 surplus and they have a \$55,000 hit to the General Fund.

Mayor Medellin stated that it was just a duplication or a line item mistake that happened and Mr. Przybyla responded affirmatively.

Mr. Przybyla stated they will cover the Golf Course budget in more detail at the Final Budget presentation if it so merits.

#### Enterprise Funds – Airport, Solid Waste, Storm Drainage, Water and Sewer

Mr. Randall stated they have seven divisions. Six of those seven divisions deal with Enterprise funds. There are five different Enterprise funds so they all work off different sources of revenues. They are all outside of the General Fund.

#### Enterprise Fund - Airport

Mr. Randall stated the Airport is a significant Enterprise fund although it's a small operation. There are only two budgets; Operations and Capital Outlay. The revenues for the most part are fairly normal. They get revenue from leases, ag crops; they share in those profits, etc. so there's only about a \$20,000 minor adjustment which is based on better projections from previous years. Mr. Randall stated there is an additional \$496,000 in this year's budget but that's just a one-time increase from FFA and state grants and it offsets a \$525,000 pavement crack seal project at the Airport. It's not a normal operating cost. It's just the things they do when they get those grants which is fairly frequently; almost every year.

Mr. Randall stated there is no change in debt service. There are no new positions and there's no substantive change to the salary expenses. There are some minor changes in Operations due to increased cost in Contracted Services. Some of their contracts have gone up, etc. but it's not really that significant for them.

#### Enterprise Fund – Solid Waste

Mr. Randall stated that they have a fairly stable fund in Solid Waste budget because of the rates that they are able to keep consistent due to the savings. There are a number of minor budgets within it. There's also the obvious Municipal Disposal, Used Oil Recycling Beverage Containers, Solid Waste Recycling which is a separate grant, Tire Clean Up, Hazardous Waste Disposal and Street Cleaning. Mr. Randall stated that the street sweeper is actually in this budget. It's a provision under law that allows them to combine those funds.

Mr. Randall stated that there are no substantive changes in revenues. Rates are staying the same for their users.

Mr. Randall stated there is one new part-time position requested in this budget. It's a half of a Maintenance Worker I position. It's being requested to assist in the replacement and repair of their trash cans. He stated they have about 39,000 trash cans and as they are aging they need more and more care. They are out there all the time putting new wheels on, putting new lids on and they are not keeping up so they just need to add some part-time people to try to keep up with that. They have a great relationship with ARC who does some of that work for them but they can't keep up. They can only do so much.

Mr. Randall stated there are also some increases in salary costs for existing positions. These are just due to the normal Cost of Living increases, some merit cost increases and health benefits. The normal things that are going on and they have some minor adjustments on how they allocated some of their costs.

Mr. Randall stated there is no substantive M&O issues, no capital and no debt service in this budget.

#### Enterprise Fund – Storm Drainage

Mr. Randall stated that this budget is divided between Operations and Capital Outlay. Storm Drainage is fairly limited. There are no new positions requested. They are having some small adjustments on the salary cost based upon how they account for those things. The revenues unfortunately remains stable. There is no way to increase it. As they probably know, Storm Drainage fees can't be increased without an election versus a protest hearing. There is some legislation that might give them some relief but he wouldn't hold his breath. There are no capital projects in the fund and there is no debt service.

#### Enterprise Fund – Water

Mr. Randall stated they have a number of different budgets there. The Water Utility, Maintenance and Operations, Capital Outlay, Water Quality which also includes the Conservation Division and the debt service for the bonds.

Mr. Randall stated the revenues are increasing by \$1.7 million. This is in line with the scheduled rate increases.

Mr. Randall stated there is one new part-time position being requested for the Water Conservation unit. This is a half time Maintenance Worker I. It is to help them with maintenance work on the water meters. They now have about 13,000 meters and it takes a lot of work to keep those things constantly repaired and unfortunately that need will probably grow but right now they just need about half a position to keep their heads above water where they are at.

Mr. Randall stated there are no substantive changes in O&M.

Mr. Randall stated that regarding Capital Expenditures, they have a number of things they are doing within the department itself. These are sort of normal operational maintenance type of things but they are pretty expensive. Pump bowl replacements, some cranes that have to be replaced because of some new legislation, a chlorinator at Well 15, water meter programmers, some test equipment and about \$100,000 to replace some of their larger water meters that wear out and are very expensive. There is also about \$2.2 million in other Capital Projects that the Engineering Department takes care of for them. He stated he won't go into those because Mr. Helmuth knows all that stuff.

Mr. Randall stated there is no change in debt service for the Water fund.

#### Enterprise Fund - Sewer

Mr. Randall stated this is one of their larger issues this year. The Waste Water Treatment Plant as well as the Sewer Maintenance function in the Water Department which takes care of all the pipes the collection system for the sewer are both within the Sewer Fund. Revenues have increased by about \$900,000. This is due to a 9% scheduled increase in the user fees. There are some increases in Maintenance and Operation particularly at the Waste Water Treatment Plant. There are just some expenses that have gone up.

Mr. Randall stated that a number of years ago the City started taking a different approach. They've moved away from a reactive wait till it breaks and then fix it to a proactive trying to manage their assets, be ahead of the game, know what their liabilities, plan for them and look to optimize their costs.

Mr. Randall stated they started this in 2013 when the City funded Akel Engineering who did their infrastructure master plans. They went through and looked at all the issues that are relative to what is going on, what was wrong with their existing system, did they have any capacity issues and importantly what did they need to do when they grow to coincide with their land use plan. That gave them the basis of what they needed.

Mr. Randall stated that in 2015 at the Waste Water Treatment Plant they did an assessment. They hired a firm to go out and look at all the equipment, look at where it was and how likely it was to fail, etc. It was startling but they started trying to figure out exactly where they were.

Mr. Randall stated that in 2015 they also adopted new rates. Luckily the public was fairly receptive and they had for the first time rates that included money for replacement of equipment and infrastructure and doing some of the things they knew they had to do. Some of those numbers were soft because they didn't have really good data. They didn't have a lot of the information on their infrastructure so they had to use industry standards to approximate them. They are working towards that though.

Mr. Randall stated that in 2016 Council approved and they began the Infrastructure Assessment Study. It is a two year program that is looking at all the sewer and water distribution systems and collections system



and looking at what condition they are in. They had just started this when they had the Schnoor [Avenue] failure and that highlighted the need for this; that they indeed need to know where things are. This first year they've sort of begun that and next year is the end of it which will then give them a better idea of what they are looking at in terms of deferred maintenance and liabilities.

Mr. Randall stated that also in 2016 they developed a list of essential repairs that need to be done at the Waste Water Treatment Plant. It was based off what they did in 2015 and some operational issues that they are identifying and these are critical issues. These aren't just nice to have. They aren't painting the fire truck. They are putting wheels on it.

Mr. Randall stated they also put out bids to start the first project and they've hired an engineering firm to help them put out the rest of the items. They are large capital projects. It takes a lot of bid spec preparation and some good engineering knowledge to get it correctly so they are going to manage those projects for them and get this done.

Mr. Randall stated they began this year and they actually have completed the very first part of it which was cleaning Digester 1 and in this next year they will complete these essential repairs. Mr. Randall stated this was a bad one. It is about \$4 million. They need a new well at the Waste Water Treatment Plant. They normally have two wells; one for back-up. One has completely failed. The other one is on its last leg so they have to develop another well. They have three digesters and as he mentioned they began the cleaning of one. The other two still need to be done. They have three primary clarifiers. All three of those need to be rebuilt. The centrate line has to be replaced. It is necessary. There are a lot cost involved for the design and some contingencies.

Mayor Medellin asked if it was fair to say that if they were reactive and waited for these things to fail they may save a little bit of money now in the short term but pay a whole lot more than this down the road.

Mr. Randall responded affirmatively and stated they might be looking at another digit.

Mr. Randall stated that in their collection systems they have more operational type of things being done by their staff and Engineering [Department]. That includes some manholes maintenance work, some rings and covers replacement, completion of that sewer system assessment and videoing of the sewer system. Videoing of the sewer system is very important to figure out where those things are so they don't have those Schnoor Avenues. They have a project to do some repairs at part of the line from the lift station down to where they had that failure. They have an upgrade to the Fairground lift station. They have some software they are trying to put into place which is a computerized maintenance management system as well as an asset management system that takes all the information at the Waste Water Treatment Plant that they've generated and puts it into something that makes it more effective for their people to make sure they do what they are supposed to do.

Mr. Randall stated they discussed the \$4 million previously.

Mr. Randall stated there are currently nine people assigned to the Waste Water Treatment Plant. They have two vacancies. They are currently doing backgrounds on two candidates. It took them three recruitments to get to those two candidates. It is not easy to find people but they do have two potentials so they are hoping to be back to full staff however this has been an on-going problem of Waste Water Treatment Plants. It's a lot of work. There's a lot of equipment. It's a lot of operational things on a daily basis never mind the issues of maintaining equipment that is running 24/7.

Mr. Randall stated there were studies done in 1972, 2007 and more recently this year that indicate they need more staff to get this done. This year they used a program that's sort of nationally recognized to quantify some of those numbers and basically what it told them was that the existing nine positions only gives them enough staff to do normal operations but no time left to do any maintenance or preventative maintenance which is not a good outcome.

Mr. Randall stated that brings them to the big ask. They are asking for some new positions. They are asking specifically for one new Lead Operator, two Operators and half a Maintenance Worker. All these people are basically focused on maintenance activities and those types of things. They are using half a Maintenance Worker to take some of the non-technical stuff and take it away from staff that they are paying a lot more money to do more advanced work. They are also asking for two Operators in Training. The market for Waste Water Treatment Plant Operators is very, very tight. Even though they may be in the median in terms of what they pay their employees it is very hard to recruit unless they are in the very top percentiles of the market so one of the ways they are hoping to try to retain people is to recruit and build their own.

Mr. Randall states it take 2,000 hours for someone to work at a plant before they can test and become a certified operator and so the idea is to bring in these positions, keep them for a year and hopefully they'll be able to be there when they need them.

Mr. Randall stated they have two planned retirements this upcoming year so they'll be back to even if they can keep these people.

Mr. Randall stated there is no substantive change in debt service and stated that was all he had to say on the Enterprise funds.

Mr. Randall asked if they had any questions.

Council Member Holley stated he liked what Mr. Randall was doing on that training. He thinks that is looking ahead because they don't know what will happen in the future with anybody but it's good to have somebody back-up just in case. He stated he's always known these are key positions. He's been out there to look around and he wouldn't want to do it so for those who put in for those kinds of jobs are a special people especially a 24/7 job. To know he's training folks to get ready for those who might be retiring he thinks the City is really doing a great job in that avenue.

Mr. Randall thanked Council Member Holley.

Mayor Medellin asked if there were any questions of Mr. Randall. No questions were asked.

#### Enterprise Fund – Grants

Ms. Iraheta stated these grants represent mainly FDA grant funds and cover their service for Dial-a-Ride and their fixed route which is the MAX. This year they anticipate an increase in revenue to pay for their new Transit Facility as well as increase operational costs.

Ms. Iraheta stated Contracted Services will definitely see an increase given the anticipated route expansion to the Madera College [Madera Community College Center]. The Contracted Services is First Transit and they absorb about 50% of their budget.

Ms. Iraheta stated there are no changes in their Personnel Cost other than the standard salary fringe increases.

Ms. Iraheta stated that in Capital Outlay currently their Transit Facility's estimated cost is at 5 million. Construction alone is approximately 4.2 million. It seems like this keeps going up every quarter it seems like. Unfortunately, they cover the increases in the budget with grants. She is looking into increasing their revenues from FTA for the additional million that they haven't budgeted.

Ms. Iraheta stated they are in the process of purchasing four new buses. The cost is approximately 155,000 each. These four buses are funded by FTA, Federal Transit Administration. FTA increases for operations and for Transit Facility. Typically on an annual basis their operations increase about 5 to 7%. This year they are projecting a 10 to 12% because of the expanded route to the college.

Mr. Przybyla asked if they had any questions for Ms. Iraheta.

Council Member Oliver stated he is curious and asked how much of Ms. Iraheta and her team's time was proactive in looking at prospective grant opportunities that aren't currently being realized versus those that are already in the pipeline, that they are working on, that they know of. He asked if she could attribute a percentage or....

Ms. Iraheta stated it was low; probably 10% if that and the reason is because they've had some turnover in staff so they are mainly focusing on their current operations which Transit takes up 40% and then they are also overseeing other grants; housing and CDBG. Ms. Iraheta stated typically what they try to do is respond to requests that are coming in directly from departments other than generating new however they've recently hired a new Grants Manager and she is hoping that it will stabilize the staffing in the department.

Council Member Oliver stated he thinks that is something to look at if there's cost benefit there. If they were to invest in that department in the future knowing that it may allow for some more proactive searching of lucrative grant opportunities that may exist. He appreciates the information.

Mayor Medellin stated that was a good point.

Mr. Przybyla stated that concluded their Enterprise fund budgets.

#### Internal Service Budgets

Mr. Przybyla stated the Internal Services budgets provide and charge for services to the other departments. They have three Internal Service funds. There is Fleet, Facilities Maintenance, and [Information] Technology.

Mr. Przybyla stated that within the Fleet and Technology budgets they schedule replacement of equipment; vehicles, computers, servers, so on and so forth. What they've done since he got here is if a vehicle is to be replaced in 10 years they'll set aside one-tenth of that projected cost over the 10 years so that the money is there to replace it. It really levels out the cost that they realize but it makes sure that the funds are there when they need them as well, both for IT [Information Technology] and for Fleet.

Mr. Przybyla stated the budgets fluctuate with replacement activities so as they are setting aside a level amount each year, some year you spend a lot more, some year you spend a lot less so they should expect to see surpluses or deficits in at least those two budgets. Mr. Przybyla stated there is an \$81,000 deficit projected for the 17/18 proposed budget but again it's due primarily to the replacement of equipment.

Mr. Przybyla stated that Facilities Maintenance zeroes out. There's a slight surplus in Fleet so they're apparently not replacing as many vehicles this year as they might be in other years. There is a deficit in the [Information] Technology funds.

Mr. Przybyla stated Randy Collin, Fleet Manager would give his presentation, followed by Mr. Randall and then by Mark Souders, Information Services Manager.

#### Internal Service Budget - Fleet

Mr. Collin stated Fleet has two parts to it; Fleet Maintenance and Fleet Replacement.

Mr. Collin stated there are not a whole lot of changes on the Maintenance side. It is pretty much status quo. He did put in a little bit more for some training which really helps them with increased efficiencies and stuff so they are replacing the right part the first time. Those types of things where they don't spend extra funds there. Not a lot of changes there.

Mr. Collin stated that on the Equipment Replacement, the first item there is the one that's come up in a lot of these other discussions; the other departments. They've reinstated the General Fund Department Replacement Fees. That is what they charge them every year; their portion to replace those vehicles. Last

year they didn't charge that to help with the budget and so this year they've reinstated that. He knows a lot of the General Funds have mentioned that in their presentations. That is where that line is. Those fees are going up a little bit. Obviously with inflation, the prices of vehicles, and new technologies. There are quite a few vehicles with expiring CNG tanks. The other thing is Air Quality. They are always mandating turning to new equipment also. New cleaner burning engines so it's kind of mandated there that kind of put them in a bind where they have to go ahead and replace equipment that they may or may not want to do but Air Quality is mandating that.

Mr. Collin asked if there were any questions.

Mayor Medellin asked if there were any questions of Mr. Collin.

Council Member Oliver asked if the transfer-in from the General Fund was the 4355 first line item for 57,000.

Mr. Collin stated it is going to be the Interfund charges.

Mayor Medellin asked if there were any other questions.

Council Member Rigby asked if with all these changes because of environmental or that kind of issue, they have sought a grant from the San Joaquin Air Control Council [San Joaquin Valley Air Pollution Control District].

Mr. Collin stated they did get the five CNG cars with grant money from San Joaquin Valley [Air Pollution Control District] and he has a grant application for five more pick-ups and they are waiting for the California Air Resources Boards to go ahead and certify those engines. As soon as they certify the engines in the new trucks then they can go ahead and get that grant also.

Council Member Rigby asked if that would off-set any of these....

Mr. Collin stated it would off-set \$20,000 a vehicle for up to five vehicles.

Mayor Medellin stated that was pretty significant.

Council Member Rigby stated that was good to know.

Mr. Tooley stated he would like to take a moment to recognize that Mr. Collin and Mr. Przybyla have identified that they have some vehicles in their fleet that generate relatively low mileage from one year to the next. One of the alternatives they are going to evaluate in the current year is eliminating vehicles from the fleet and going to a pool system. They can't present that to Council at this time because the analysis had not been done. A lot of credit should go to these individuals who recognize that there are other opportunities for cost savings.

Council Member Rigby stated great job.

Mayor Pro Tem Foley Gallegos asked how many of their vehicles are CNG.

Mr. Collin stated he hadn't looked at that in a while.

Mayor Pro Tem Foley Gallegos stated an estimate is good.

Mr. Collin stated they had maybe 50; something like that.

Mayor Pro Tem Foley Gallegos asked if they are starting to fuel at Madera Unified [School District] because those pumps are up and running and doing well. They are looking to save some money and pinch some pennies. That would be a great savings for their City.

Mr. Collin stated he would check on that. He stated he didn't know the answer to that but he could find that out for her.

Mayor Medellin asked if there were any other questions. No questions were asked.

#### Internal Service Budget – Building Maintenance & Facilities

Mr. Randall stated this is an Internal Service fund which generally means that they take all the costs to provide these services and redistribute them out to the users who use those systems. There are no substantive changes in the Maintenance and Operation in this budget. There are no new positions. There are some minor changes in salaries. These are just the normal issues of merit increases, cost of living, insurance, etc. There are no Capital expenses or debt service. It's really a pretty standard budget. The only thing that changes from year to year is as the different departments change their needs they have to change how much is charged to them but the overall operation of the budget has stayed pretty much stable.

#### Internal Service Budget - Technology

Mr. Przybyla stated they are giving Mark Souders, Information Services Manager a pass this year because he came in so late in the game and Ted [Uyesaka former Information Services Manager] had a comfortable budget for Mr. Souders to inherit from last year so they left the budget pretty much the same so his presentation is going to be pretty much status quo but he's already got a lot of good ideas that he's very excited to hear.

Mr. Souders stated the overall status of the budget is unchanged like Mr. Przybyla said.

Mr. Souders stated that right now he is in the process of a thorough network evaluation. He ran some software on the network, checking all the server switches and everything for utilization instead of just looking at replacing an item because it's old. He asked if it can be re-used, does it need to be replaced this year, can it go another couple of years, is it out of warranty, is it end of life of its life cycle so really he is looking at opportunities to increase performance and the same time consolidate equipment, repurpose hardware and eliminate unnecessary expenditures.

Mr. Souders stated personnel costs have remained static.

Mr. Souders asked if they had any questions.

Mayor Medellin stated they did not and he appreciated and liked where he is going with that; new and innovative ideas.

Council Member Holley stated wait until next year.

Mr. Przybyla stated next year is guaranteed to be exciting in technology in IT.

Mr. Przybyla stated that Mr. Souders has a lot of good ideas. They'll be saving money in the future.

Mr. Przybyla stated one of the things they talked about was allocation of staff. Since PD has hired a network administrator with Measure K funds they may want to look at shifting Kevin [Newsome, Computer Technician's] time. Mr. Newsome spent a lot of time working for PD in the past. They still need to oversee that with Mr. Souders' staff but there may be an opportunity to shift some dollars out of the General Fund because of the Measure K hire and if they repurpose Mr. Newsome and use him in other areas. Mr. Przybyla stated that is just a side thought. It's just a point that they are always looking at ways to.....

Mayor Medellin stated he appreciated that.

Mayor Pro Tem Foley Gallegos stated she doesn't know if the question is for Mr. Przybyla or for Mr. Souders. She stated that Code Enforcement is looking to change over their program on how they report. They are going to need new tablets or iPads. She asked if that was included in the budget.

Mr. Souders stated that from his understanding when somebody or the department purchases an iPad it is put in the fund to be replaced at certain set point and time so if it's a new purchase the department would purchase it. If it's a replacement then Information Services would replace it when it gets aged.

Mr. Przybyla stated that in other words the original purchase is on their dime after that they set aside funds to replace it and IT charges them for the maintenance of those items.

Mr. Souders stated he can definitely look at what they are trying to do and replace those out.

#### Special Revenue Budgets

Mr. Przybyla stated the Special Revenue fund budgets are restricted for specific purposes as mandated by the funding sources. In FY 17/18 they anticipate \$15.4 million in revenue and \$14.9 million in expenses with any left over revenues being reprogrammed for the next fiscal year. These are mostly Capital projects that are funded by the special revenue sources.

Mr. Przybyla stated they do have \$2.6 million that is being transferred into Streets which is in the General Fund but as Mr. Randall mentioned Streets doesn't really impact the General Fund because every dollar that is spent is transferred in from these special revenue sources.

Mr. Przybyla stated that one of the interesting things coming up next year is that they've budgeted for a \$1.3 million new ladder truck which will be coming from the Development Impact Fees which is grouped under Special Revenue funds.

Mr. Przybyla stated there is also a \$1.3 million for housing programs which Ms. Iraheta will discuss briefly in just a minute.

Mr. Przybyla stated the last budget they see in all those pages of budgets will be all of the Landscape Maintenance Districts. He thinks there are about 80 of them in there.

Mr. Przybyla stated this is the summary of the major Special Revenue funds. They see that Transit Fixed Route is money in and out. The General Development Impact Fees in total will be spending \$272,000 more than they are bringing in in FY 17/18 per their projections.

Mr. Przybyla stated Special Gas Tax is coming close to having a balanced budget with \$66,000 more of expenses than revenues.

Mr. Przybyla stated that Local Sales Taxes are related only to Measure T at this point because Measure A has gone away now but that is reflecting \$425,000 more revenues than expenditures.

Mr. Przybyla stated that in total the Special Revenue funds are projecting an \$86,000 surplus.

Mr. Przybyla stated then they have a bunch of other Special Revenue funds.

Mr. Przybyla stated that in total the Special Revenue funds are projecting a \$483,000 surplus in FY 17/18. In other words more Development Impact Fees and other revenue sources are coming in than they will be spending on projects.

Mr. Przybyla stated he would have the Grants Administrator discuss her items related to Special Revenues. He thought it would be prudent rather than to go through all of the other budgets which are mostly Capital in nature. They have covered those in the summary level and staff can answer any specific questions they may have about any of the numerous budgets that are included in the detail.

### Special Revenue Funds - Grants

Ms. Iraheta stated there are no significant changes as far as revenues and expenditures. She stated that as they complete a project they draw from the awarded fund so this doesn't impact General Fund. It doesn't change their budgets.

Ms. Iraheta stated they do not have any changes in personnel for the coming year. She stated she wanted to point out that the Grants Department has the potential to fund an additional part-time position if they so choose and it's approved. This would be funded under CalHome and HOME grants for the most part. This grant basically funds their administrative costs and as they complete a project they can draw administration so the more projects they complete the more administration they receive.

Ms. Iraheta stated they've applied for a HOME down payment assistant grant. Currently they are completing one final project. There will be no funds unless they receive the HOME grant this year.

Ms. Iraheta stated there is no change to the CalHome Manufactured Rehab line item.

Ms. Iraheta stated they do use that HOME Activity fund. She stated that when people pay their previous loans that they've borrowed they pay because sometimes they are selling the homes. They receive that amount and they can reuse it for both administration and new projects so it's a revolving account that they like to tap into.

Ms. Iraheta stated this was just to point out that they haven't included an additional 17,000 in administration for the HOME.

Ms. Iraheta stated she had already explained Transit Facility previously. She stated they also have other grants other than FTA that help them cover the Transit Facility expenditures as well as the buses. They have other revenues. They are CMAQ [Congestion Mitigation and Air Quality] and PTMISEA [Public Transportation Modernization, Improvement and Service Enhancement Account] that also help them purchase these buses and construct their facility.

Ms. Iraheta stated that this year they are applying for Cal OES [California Governor's Office of Emergency Services], LCTOP [Low Carbon Transit Operations Program], HOME [Investment Partnerships Program] and CalHome so they are looking for additional revenues particularly for the Transit Facility as well as to increase the amenities for their transit operations for bus shelters and for technology enhancements for the transit operations.

Ms. Iraheta stated she would answer any questions.

Council Member Rigby asked if the bus shelters were what they were building at Freedom [Industrial] Park or if these are bus stops.

Ms. Iraheta replied add bus stops.

Council Member Rigby asked if they were new or if they were refurbishing ones that they've already put in.

Ms. Iraheta stated they are new. They are receiving 21 new ones for this year.

Mr. Przybyla stated that Ms. Iraheta stated there is a possibility of maybe funding another position. It's one of the things that the City Administrator, Ms. Iraheta, he and others have discussed. He stated that for some of the housing type grants they can earn \$5,000 per loan that is made. The loans are a good deal. They can get a 30 year loan. They don't have to pay back for 30 years and there's no interest so when somebody sells this house before the 30 years is up then the money comes back into the system and they

loan it. They'll be looking for opportunities to improve the housing market in Madera through the use of such funds and they may be able to shift some staff from the General Fund into the Grants [Department] to help slightly with the General Fund.

Council Member Rodriguez stated he heard that when they get this money back they can reuse it for continued grants and administration and asked or if they are utilizing that money again for the same purpose of down payment assistance.

Ms. Iraheta stated it has to be for the same purpose for rehab or down payment assistance but they can get a portion for administration.

Council Member Robinson stated he attended the League of California Cities and they had a person that was sponsoring an agency called California Housing Financing and they finance single family or multi-family homes and they do first mortgages for first time homeowner low and moderate income and they can do tax credit project for multi-family and offer long term loans at low rates. He stated he can get her that information.

Mr. Przybyla stated that sounds similar to the programs that they have in place. He asked that Council Member Robinson please get that to himself and Ms. Iraheta and they'll make sure they are not missing out on some opportunities.

Mr. Przybyla stated he or staff would answer any questions they may on the remaining Special Revenue funds budgets. As mentioned he thought it would be in their best interest to leave it at the summary level at this point rather than going page by page over those couple of hundreds of pages.

Mayor Medellin asked if there were any additional questions. No questions were asked.

Mr. Przybyla stated they would go back to their discussion on how to balance the General Fund budget.

Mr. Tooley asked that Mr. Przybyla take them back to the summary slide.

Mr. Tooley stated that virtually everything is on the table. His sense is that the main event is the General Fund. He asked if there were any other funds or activities of the City that Council would like to go back to first. He stated maybe there is a question they'd wished they'd asked but didn't get a chance. He asked if there was anything else they wanted to return to.

Mayor Pro Tem Foley Gallegos stated she had a question on overtime. She looked at the overtime in all the departments and it came out to \$519,000. She knows they need it for emergency reasons in some areas but to her it is a lot of overtime when they are paying their employees to do their jobs and get the job done. She knows that when they have a break like on Schnoor [Avenue] she understands they need the overtime for that and they have an emergency for that but to her that is a lot of money in overtime. She looks at other professions where it has to be approved to have overtime because again just like their fireworks it's a holiday. They are paying a lot in overtime.

Mayor Medellin addressed Mayor Pro Tem Foley Gallegos and stated he was assuming that she meant in general and not any particular department; all departments combined.

Mayor Pro Tem Foley Gallegos responded affirmatively. She stated in general in all the departments.

Mr. Tooley stated that while they didn't ask a question he thinks the intent of their observation is that it is something they should take a critical look at. He stated that is a good catch and they will.

Council Member Robinson asked if the CNG vehicles had propane tanks.

Mr. Przybyla stated it was Compressed Natural Gas, CNG.



Council Member Robinson asked if it was reasonable in mileage instead of gas.

Mr. Przybyla stated that not only is it reasonable as far as mileage and the cost of fuel but with the [San Joaquin Valley] Air [Pollution] Control District paying them \$20,000 it significantly cuts their costs. It's a little more expensive to convert the pick-up trucks which is what they are in the most need of at this point but it's still a good savings when they can purchase them using the \$20,000 towards each vehicle that they purchase.

Council Member Robinson stated he's seen a lot of trucks going by checking to see who is violating the water usage in the yards. He asked if they were regular trucks. He stated he was wondering if instead of using those GM trucks they could use an electric vehicle. He asked if that would save on.... He stated because they are going down all the streets in the City. That's miles upon miles.

Mr. Przybyla stated is something that he'll definitely consider and discuss with Mr. Collin. A lot of that will depend on the department's needs and if they see they need to have a shovel in the back to dig up and fix something they may need a pick-up truck but.....

Council Member Robinson stated Redevelopment [Madera Redevelopment Agency] drive around in vehicles also.

Mr. Collin stated that a lot of the new vehicles they are buying for Water Patrol are hybrids as well as smaller vehicles. He stated they are really working hard and making sure they are sizing vehicles properly so they don't have big trucks running around with one shovel in the back. If they don't need a big truck they are trying to do that. He stated that as the fleet is overturned they are trying to do those things. They have to have structures, charging stations, and those kinds of things for electrification so that is something they would have to address as a whole package. As far as individual vehicles they are trying to do the hybrids to do those things that he was talking about.

Council Member Robinson stated he is trying to look at little things that accumulate and add to the cost.

Mr. Collin agreed that they all add up.

Council Member Rodriguez stated that at the beginning of the presentation he noticed that they were going over the General Fund expenditure history. In looking at some of those earlier years he noticed that the budgeted expenditures and the actuals varied anywhere from 8 to 5% and now they are tightening it. He asked what some of those variables or unknowns were that go in between the budgeted and the actual. He asked what some of those things were out there that they didn't catch and then they finally come back to see that there's probably a surplus or what have you. He thinks that initially Mr. Tooley had mentioned that there is a \$2.5 million and now they are down to 1.63 and asked what some of those unknowns are.

Mr. Tooley stated they are a service based organization so the majority of their costs are captured in terms of personnel expenses so during the course of the year they're going to have a certain amount of turn-over so hypothetically if someone is at the top step of their salary range and they hire someone at the bottom step of that salary range there is obviously going to be a cost savings.

Mr. Tooley stated when they prepare a new budget they also assume that everybody is going to take the most expensive healthcare alternatives that are available for a full family. Often they find out that's not necessarily the case and so there will be savings in that area as well.

Mr. Tooley stated as they are aware they will pursue grant funds during the course of the year so during the course of the year and Ms. Seay identified one that is going to be a go it adds an additional \$40,000 in terms of their ability to offset General Fund expenses so that's an immediate capture as well.

Mr. Tooley stated they are also going to be pursuing COPS grant funds this year. For each police officer they are awarded a grant for there is a \$125,000 over a three year basis. Hypothetically if they were successful and they got three positions under the COPS grant funds they would offset the Police Department budget by \$125,000 a year.

Mr. Tooley stated all of those are examples that push them above or below the expected expenditure revenue line. He stated this is one of those lessons he shares with Council Members fairly often. A 1% swing in a \$40 million budget is \$400,000 so if they come within 1% on revenues and 1% on expenditures they could be \$800,000 below the line or \$800,000 in a normal healthy budget. He never got a 99 or 100 in any of his tests but if he got a 99 he figured he was having a pretty good day. He stated 99% on their test is close to a million dollars.

Council Member Rodriguez stated Mr. Tooley brought up an interesting point as far as the contributions to the health benefits. He asked how early on in the year did they project certain amounts. He asked how late in the game did he know exactly that this is the amount that they need to actually budget for.

Mr. Tooley stated that if Council Member Rodriguez is talking about the rates that are charged to the City, those are adjusted on an annual basis and Ms. Silva would have to help him on the timeline.

Ms. Silva stated that the budget that is before them has current approved contributions as approved by City Council this past month when those side letters went before them in the resolutions. What Mr. Tooley is referring to is if a position is vacant they budget for the maximum exposure. They may have a situation where when they finally do hire someone maybe they are at two party or maybe they waive insurance and so it's a lesser amount. There's no specific timeline where they know they are going to capture those savings. It's the point of time when they hire someone and they enroll and then they find out. They don't get to screen for that in the application.....you know they'll take everyone that waives as opposed to those with family enrollment, right.

Council Member Rodriguez stated that wouldn't constitute a really big number then.

Ms. Silva stated the difference between family and waivers is over \$20,000 so depending on how many vacancies they had when they were budgeting it could be a significant number.

Council Member Rodriguez asked how many vacancies on average the City has at any given point for the General Fund.

Ms. Silva stated that specific to General Fund right now not too many.

Mr. Tooley stated he doesn't know how many they have but he knows that within their prospective budget he thinks the only unfilled positions are either in Public Safety or Code Enforcement so there's not a lot of room to make other kinds of adjustments.

Mr. Tooley stated that maybe he misunderstood the Council Member's question. He stated to Ms. Silva that they get rate quotes on an annual basis and asked her when those take place in relation to their collective bargaining process.

Ms. Silva stated that rates come in in May. Their collective bargaining agreements generally follow the fiscal year. They don't have to. They do right now.

Mr. Tooley stated that was the answer he was searching for.

Council Member Rodriguez stated the original question he thinks he answered the first time around. That's what he was referring to. He thanked Mr. Tooley.

Mayor Medellin stated if there were no other questions, he would have Mr. Tooley continue with his presentation.

Mr. Przybyla asked Mr. Tooley if he could point out something.

Mr. Przybyla stated they asked how they are coming closer to budget. They are actually looking at people that they know will be filling positions primarily Measure K employees and other people that PD is looking at to hire and they are dialing that down to the level of health benefits that they know those positions will require. That is just one way they are trying to dial in closer to budget.

Mr. Przybyla stated that Mr. Tooley is correct. The big gaps in the past have been when they were unable to fill a lot of positions primarily PD at one point in time. What they don't want to do is say they saved \$500,000 last year so let's add two positions and all of sudden they have all those positions filled plus two more and they end up with a big deficit.

Mr. Tooley stated they would segue way to the next portion of their discussion.

Mr. Tooley stated they are in the process now particularly on Measure K where they know who they are going to hire so they are able to drill down pretty precisely on what those personnel costs are going to look like. What that means is there is even less wiggle room in their expenditure plan than there has been in previous years. They are able to be more precise on what they put in front of them.

Mr. Tooley stated whereas in the past years they might be able to close a budget gap of a million to a million four he is going to tell them it is highly unlikely they are going to do that in the future. If they give him an operating allowance of \$500,000 there's a reasonable expectation he can close that. If they start going much above that they're essentially assuring that they're going to have another operating loss.

Mr. Tooley stated he thinks the discussion Council has this evening is how much risk they want to take in terms of the budget they see in front of them. The 1.63 million they see on the screen is basically a structural deficit. It's not a miss. It's not a one-time thing. It's a structural deficit and they should expect that to get progressively worse unless they begin to address that.

Mr. Tooley stated there are a number of alternatives in front of them. He won't go through them in detail. He will answer their questions. He will say a soft hiring freeze is not a management plan. It's a coping strategy. It's management by chance.

Mr. Tooley stated if Council Member Oliver retires, if it's a critical position they are probably going to refill it anyway. If it's not he's not making a decision based on the needs, he's making a decision based on chance. Mr. Tooley stated that is not his favorite approach.

Mayor Medellin stated nor is it his and that's why he had questions about Code Enforcement. It certainly wasn't necessarily the need but the chance.

Mr. Tooley stated he thinks it behooves the Council to identify what their priorities are and then they build their service delivery plan around that.

Mr. Tooley stated he would make a few brief remarks about the bullet point about making use of 16/17 Measure K funds. They do not have a spending plan for the Measure K funds that are going to be generated in the current fiscal year. That's plus or minus \$800,000. He does not recommend that they use that as a one-time plug for their operating expenses because that's kicking the can down the road. That's going to make the next year worse. If they want to split it up into two years that's probably a more responsible approach or in the alternative they can just reserve it all for their Capital program for their fire station. There are some choices for them.

Mr. Tooley stated he thinks he should stop at this point. He'll respond to questions but he thinks now is the time that Council has the discussion.

Mayor Medellin thanked everybody for their presentations, for answering their questions, for staying that long and getting this budget handled. He thanked them for their input.

Mayor Medellin asked if there were any other questions, discussions or clarifications regarding the budget and Mr. Tooley's suggestions.

Mayor Medellin stated he is looking at the suggestions. He stated he thinks the soft hiring freeze is prudent at this point. He thinks the 3% M&O in every department across the board; \$300,000 is \$300,000. He thinks it's good management to do so. His assumption is that 2% is \$200,000 and 4% is \$400,000 that it is a fair number and a fair assessment that they can use to reduce M&O and still maintain their service delivery.

Mr. Tooley stated that as long as they don't take a vote from his direct reports in the audience, he believes that is a reasonable expectation.

Mayor Medellin stated as far as cost reduction and again he does this at his business if they have to lower the heater and wear jackets or cut where they can cut be it paper clips and pencils it's got to be cut slash, cut slash do what they can to reduce their costs in any way they can. He thinks they do it with their home budgets. He thinks they do it in business and he thinks that's just where they are at this point.

Mr. Tooley stated that regardless what they decided tonight everybody in the room already knows he's going to drop the hammer on the expenditure plan. The answer begins with no.

Mayor Medellin stated that as far as cut backs on programs and reduce staff he is not a fan of reducing staff. They talked a little bit of some programs in the Parks [and Community Services] Department. He thinks they can revisit that discussion. Personally he doesn't think it's anywhere he wants to go this evening. Possibly not with Parks [and Community Services Department] but they need to look in the mirror and do a financial assessment as to where they are going in the future and continue those discussions.

Mayor Medellin stated that as far as Measure K funds and he will open this up to his colleagues because they do have a couple of viable options that he thinks they can do. He thinks splitting it is an option or using it as a reserve. He'd like to get some input from his colleagues on how they feel they should proceed.

Council Member Holley stated he concurs with Mayor Medellin. He believes it should be split in the two years of the \$400,000. He doesn't think it should all be used at one-time. As far as cut backs he is not a fan of cutting or reducing programs because they've been cut enough and if they cut any more they are really going to have a bad year. He concurs with what he sees in front of him.

Mayor Pro Tem Foley Gallegos stated Mr. Tooley was talking about using Measure K funds and asked for what as she was not real clear on that.

Mr. Tooley responded Public Safety. He stated the promise they made to the public was Public Safety.

Mayor Pro Tem Foley Gallegos stated it was what Chief Frazier put up for the lieutenants, police officers, dispatch and all that and asked if it was for that.

Mr. Tooley stated those Measure K funds are coming in next year. They are going to have some collections in the current year. He stated this is a policy issue for the Council. As long as they use it for Public Safety even current expenses. A part of what's happened is they've lost some COPS grant funding. If they use it to backfill that or some portion of the fire contract he believes it to be consistent with the promise they made the public. They said Public Safety.

Mayor Pro Tem Foley Gallegos stated he talked about using it all for capital for the new fire station.

Mr. Tooley stated an alternative is that they can reserve it for the new fire station or other capital that the Police and Fire [Departments] may need. Their trade-off is if they use it for operations right now or do you save it for future capital.

Mayor Medellin stated they started collecting in April, the second quarter of the month which is the last quarter of their fiscal year so that is why it is going to be in the 16/17 budget but it will definitely be used for Public Safety it just falls in their last quarter.

Mr. Tooley stated it's actually one of those odd aha moments where they realized they hadn't made a plan yet for that portion of the money.

Mayor Medellin stated that just to be clear it is still Public Safety money. It's just the when and where.

Mayor Pro Tem Foley Gallegos stated that is what she needed to hear.

Council Member Oliver stated he thought that answered his primary question. Just to confirm that is where it would be designated and of course they would see some level of expenditure plan to go with that money if they were to go half and half and he would be open to that \$400,000 for Public Safety purposes.

Council Member Oliver thanked staff for racking their heads and for the team working together to find any and all corners that can be cut to maximize as much savings as possible. He realizes that this is a very difficult exercise. It is one that is not easy every year particularly this year especially with the prospect of the elimination funds like COPS programs.

Council Member Oliver stated that looking at the structural deficit he is in agreement of the recommendation of the 3% reduction in M&O costs and asked at what point they cross the bridge to look at other reductions. He asked if that was going to be done up there. He asked if they were going to direct the team to come back to the table to say worse-case scenario if they have to come back with a 3% reduction which may yield \$1 million in savings or so. He asked at what point they cross that bridge. He stated he is not sure how they bridge that gap in the meantime.

Council Member Robinson stated he thinks the thorn in their side is CalPERS and health. It's going up percentage wise. It's the elephant in the room.

Mayor Medellin stated they had a discussion years ago about contracting services. Again with Parks [and Community Services Department], they were contracting services for their Landscape Maintenance zones and things of that nature and the decision was to hire within, create jobs and bring it in-house but he got an overwhelming theme this evening on contracted services so that discussion may need to come to a head again and to who and what they continue to contract out and possibly more in the future.

Mr. Tooley stated that just as a point of reference there is a fair body of case law now as well as an AG's [Attorney General's] opinion that it is not a management right that they can determine that they want to contract something out as opposed to do it in-house. It is clearly a collective bargaining issue.

Mayor Medellin stated understood.

Mayor Medellin asked if there were any other questions or comments.

Council Member Rodriguez stated his comment was on the balance for 17/18. He stated he is assuming that this is for this upcoming year. He knows he talked about how they can increase revenues and they've had the discussion prior on what other sources of revenue they can bring in to off-set some of this.

Council Member Rodriguez stated they went to the taxpayers for that Measure K. There are built in rate increases in their water bills and he's sure that's going to come up again for discussion there at the City Council so that will probably be another increase that they'll have to address.

Council Member Rodriguez stated that a lot of the recommendations are very prudent and he thanked staff for doing a great job but he would also like to see in the future a discussion in regards to the other elephant in the room which is that ordinance for the cannabis that nobody really wants to ..... He knows they are talking about but he'd like to see that implemented and see what those types of revenues can bring in so they can off-set a lot of these cut backs.

Council Member Rodriguez stated that one of the last things he'd want to do is definitely reduce staff and cut programs and services that are essential to their community. A lot of these things are they being on the guard just defending.....they have to protect what they currently have to be able to continue to service their community but at some point or another he thinks they still have to see how they move forward.

Council Member Rodriguez stated he knows they are anticipating the casino and the Love's [Travel] Center. He doesn't know when they can see those actual dollars maybe in the 19/20 budget but they have something that's in front of them that potentially can increase a big tax base definitely assess values of properties that can be up in the millions of dollars and can definitely increase their revenues. He knows there are conversations going on and he hopes that is something that they can hopefully discuss soon and they can put some type of plan in play to see if they can bring in more revenue.

Mayor Medellin stated he agrees with Council Member Rodriguez. He thinks it is incumbent upon them to find any way they can to increase revenues. He thinks they're barely scratching the surface. He believes Mr. Tooley has reached out to a couple of other communities that are also having that conversation or possibly implementing but he will agree if that is something that could generate revenue in their community he definitely thinks it would be incumbent upon them to at least do the research and start the discussion.

Mr. Tooley stated that there is an internal project team that is in the process of doing the research and will prepare a workshop for them. They are going to send a representative to Colorado and talk to their law enforcement there so that they have the context of the Colorado experience. They are going to visit local operations in California and they are going to look at best practices from other cities. They will present that for Council consideration and at that point Council will be in a position to give them informed direction.

Council Member Rodriguez stated that he did say he would feed them through a hose and this pretty much was that so he appreciated every one of them for taking the time to address the questions and concerns they've had and also their presentations. He stated it's quite a bit to take in but at the end of the day these are some of the recommendations and with the exception of some of those cut backs he thinks it is a prudent way to go forward and definitely manage a business or in this case a City. He thanked Mr. Tooley and his staff for the time they put into this.

Mayor Medellin asked Mr. Tooley if there was one advantage one way or the other with the 16/17 Measure K funds to split it up into two equal parts or just kick that money down the road. He asked what would be the best use of that money.

Mr. Tooley stated there is no bright line answer. He prefers to split it if they are going to spend it for operations because it imposes a little more fiscal discipline on them that they have to be prepared for the following year as well. The alternative argument is that they spend all the most restrictive money first and preserve their flexible money. If they spend it all this year whatever their hole is next year it's that plus \$800,000.

Council Member Rigby stated he too wanted to thank staff for working diligently to see that they have as much information available to them to make the decisions that they have to make. He thinks if anything it has opened his eyes to wanting to work harder at the job that he does to ensure that revenue streams are a little bit more accessible to the City, different revenue streams and thinking outside of the box.

Council Member Rigby stated that although he is not opposed to hearing suggestions of cannabis and what that looks like he also doesn't want to be chasing the gold pot at the end of the rainbow.

Council Member Rigby thinks that there are a lot of things that they have built within their city that they may not be utilizing to the fullness of its capacity.

Council Member Rigby stated he is a proponent of actually pushing all funding from Measure K into next year rather than splitting it although listening to Mr. Tooley's suggestions he thinks those are admirable. He is just kind of one to spend what they got while they have it and then have a little bit more in savings. He doesn't want to split and use funding for operational funds this year that they might not have accessible to them later on down the road and then get in a tough spot because they are spending now and then they are stuck having to fund an operation that they might not have that funding for. He asked if that made sense.

Mr. Tooley stated he was not following precisely.

Mr. Tooley stated if they spend it to support their Public Safety operations this year it's not available in any form next year and they are going to have to find new money.

Council Member Rigby stated he had been misunderstanding.

Mr. Tooley stated that Measure K funds for Police are spoken for this year and largely spoken for the next year.

Council Member Rigby stated he understood.

Mr. Tooley stated the only unknown right now is going to be the cost of Fire operations and Fire operations are largely related to the new facility which they also promised.

Council Member Rigby stated with that being said he is still a proponent of taking that \$800,000 and putting it towards Fire [Department] only because that's what he said he would do. He'll leave it to further debate with his colleagues but that's where he is sitting on that.

Council Member Rigby stated he also supports the 3% M&O savings across the board but he too shares the same questions that his colleague Council Member Oliver brought up: what's going to happen later on down the road and to what extent do they allow themselves not to cross that line.

Mayor Medellin asked if there were any other comments or questions. No comments or questions were made.

Mayor Medellin stated that what he thinks they are clear on is the implementation of a soft hiring freeze and the 3% savings with M&O. He stated that internally Mr. Tooley with everyone will implement a cost reduction plan. They know where they sit with collective bargaining and he thinks they are all in agreement as well on no reduction in staff or any programs at this time.

Mayor Medellin stated that last would be the 16/17 Measure K funds. He stated that he agrees with Mr. Tooley in having it split. He thinks that is the prudent thing to do.

Mr. Tooley stated he probably needs some straight up direction from the Council understanding that right now he thinks there is a division of opinion.

Mayor Medellin stated he believes that is the only bullet point they need to continue to discuss.

Council Member Rigby asked Mr. Richardson if they are allowed to take an action item on this.

Mr. Tooley stated he thinks they can provide him direction. He stated their action will be the approval of the budget itself.

Council Member Oliver asked if they would have enough time by the next July budget meeting to have a proposed expenditure plan to look at. He stated he'd imagine that staff would want to chew on this a little bit to look at maybe possible one-time expenses that could be utilized with this funding or.....

Mayor Medellin asked if that was for the July 5<sup>th</sup> meeting.

Council Member Oliver stated he knows it most likely will have to be buttoned up by then but if there's.....

Mayor Medellin stated pretty much so.

Mr. Tooley asked if Council Member Oliver would provide him a little more clarification. He stated he's found every \$400,000 pot he can.

Council Member Oliver stated sure.

Mr. Tooley stated the only alternative at this point would be that he would reserve the whole \$800,000 and they would provide him direction when they adopt the budget.

Mayor Medellin asked as to how.... He stated it is Public Safety money so that's not the question.

Mr. Tooley agreed it's not the question.

Mayor Medellin stated it's just what do they spend it on so to speak.

Mr. Tooley stated they have 175 that they've set aside for the new fire station. He had a conversation with the Fire Chief. The Fire Chief thinks they can move a fire station ahead more quickly. They are just going to have to see. But if it goes into 2019 as opposed to 2018 they are going to collect progressively more Measure K money for that asset as well. He stated there are two areas of flexibility for Measure K. The \$800,000 they are talking about and the timing on the fire station.

Mayor Medellin asked Chief Frazier if he had anything to add.

Chief Frazier stated he just wanted to add that Council needs to be aware that they've cut M&O for the past five years and he just wants to make sure they are aware that the departments face a deficit each year like what they are seeing this year and really the only place they can cut is M&O. He knows that 3% doesn't seem like much but it's more than they think and literally they are talking about pens and paper and things like that that will disappear and he knows he is not alone when he shudders at the thought of having to reduce 3% of his M&O budget.

Chief Frazier stated that the City Administrator has pointed out on Public Safety if they use that half and half...if they put it towards Fire they are not using it to reduce their budget deficit. That's for cost to come down the road but they don't impact that so the 3% is not going to go as far and then their 400,000 won't be used to reduce that at all so then they are going to be looking for money to make that happen.

Chief Frazier stated they asked for his opinion.

Mayor Medellin stated he appreciated his honesty and his candor. He stated the 400,000 is not to fill a hole per se.



Chief Frazier stated it's to reduce the impact of a \$1.6 million deficit this year and a like kind number next year. If they don't use any of that then they have a bigger hole to fill than not using it. If that makes any sense.

Mayor Medellin stated this year's hole or next year's hole; pick one.

Mr. Tooley stated that at some point in time either money falls out of the sky, they get a lucky break or Council is going to engage in the difficult discussion about how they reduce their service delivery plan. It's really that simple.

Mayor Medellin stated understood. He stated he doesn't rely on luck when it comes to tax payer money.

Mayor Pro Tem Foley Gallegos asked Mr. Tooley for the timeframe of the Love's [Travel] Center. She asked if they had anything or were they just in a holding pattern.

Mr. Tooley stated it was a little speculative but he heard the beginning of construction either November or January. If that takes place, assume a nine month construction period which effectively puts them into the 18/19 fiscal cycle before revenues begin flowing in. At full build out they estimate that Love's [Travel Center] represents maybe \$300,000 to them. He stated it's a significant sum of money but it doesn't fill a \$1.6 million...

Mr. Tooley stated let them assume that they actually missed the mark by 50%. It's only an \$800,000 hole. It's going to get progressively larger because of their [Cal]PERS issue.

Council Member Oliver stated that obviously it's a difficult back and forth and certainly he wants to see that they are putting those Measure K dollars to work. Sooner than later he wants to see also that they're stewards and being prudent as well. He thinks if it's for Public Safety purposes he would be amenable to the 400,000 and reserving the remainder. At the same time though he feels like they need to be going to the table so to speak and thinking in the future some of those worse-case scenarios. He hates to say it. He understands Chief Frazier's point about M&O budget and realize its significance and realize that there isn't one magic bullet so to speak when it comes to this budget process and he thinks they have look out strategically over time as to where potential additions as well as reductions may be necessary. He would be amenable to the 400,000 at the front end.

Mayor Medellin asked if he was saying not to split it.

Council Member Oliver said to split it.

Mayor Medellin reiterated to split it.

Council Member Rigby stated he guesses he is just confused to where the allocation goes. He asked if it just goes into Public Safety and it just sort of...

Mr. Tooley stated they would assign cost to the specific Measure K fund so by way of example they might assign some police officers to the Measure K fund and pay for it out of that. That is the most straight forward way to do it and it also demonstrates they are reserving the funds for Measure K for Public Safety activity.

Mayor Medellin stated Measure K dollars being put to use sooner rather than later.

Mr. Tooley responded affirmatively.

Mayor Medellin stated that was kind of his direction.

Mr. Tooley stated to think of it from a larger policy issue too. Over the course of time the cost for police officers is going to go up a lot because of the [Cal]PERS cost. He asked if they were going to spend

Measure K dollars just on new stuff or are they going to spend them to maintain the workforce they have now. He stated that realistically they are going spend some of that for existing police officers and their retirement cost in years two, three or four.

Mayor Medellin stated they got a taste of that in the presentation on what's up and coming.

Mayor Medellin asked if they were ok with splitting that money. He asked if there was any objection to that.

Council Member Robinson stated as long as they are transparent.

Mayor Medellin stated absolutely and that it was a good point. He stated he thinks they have been and they will continue to be transparent.

Mayor Medellin asked if there was anything else.

Council Member Rodriguez asked Mr. Tooley when he would have something for Council as far as what these recommendations will squeeze this down to. He asked if they will have a number or something they can look forward to.

Mr. Tooley stated that as he understood the direction right now Council is going to look for a 3% M&O savings out of the budget as currently presented and as Chief Frazier correctly points out this is a going to be a greater hardship on some departments than others. They are going to have to work as a team to figure out what that looks like for Council. Some departments have to carry more than 3% by way of an example. Mr. Tooley stated that secondarily Council will see the allocation of cost to Measure K in the amount of \$400,000 so between those two Council will see their budgeted deficit at \$900,000 and change.

Mr. Tooley stated that for a budget presentation standpoint they are going to include a figure to demonstrate that they are going to close that gap. That may or may not happen. Once they approve the budget a majority of the discussion at the staff level is going to be about continuing how they reduce cost.

Mr. Tooley stated they will show Council a balanced budget but in the back of Council's mind they need to know they are still going to have a \$930,000 structural deficit but really they have a structural deficit bigger than that because the \$400,000 is just to plug this next year and the year thereafter. If their revenues don't catch up they are still kicking the can down the road.

Mayor Medellin stated they need to have that revenue discussion which they did tonight.

Council Member Rodriguez stated that was not what he wanted to hear.

Mayor Medellin stated that was not what any of them wanted to hear.

Mr. Tooley stated he thought they wanted to hear an accurate description.

Mayor Medellin thanked everybody for their reports and for their facts and figures. He stated it is not easy for all of them but they certainly rely on what they bring before them and it was not just a one day thing. It's been all year. He knows everybody has been working very hard on their budgets already. He gave a special thank you to Mr. Przybyla for the past handful of months that he's brought them in increments and great presentations. Mayor Medellin thanked his colleagues for all of their input, direction and questions. He thinks it is a great dialogue and they had some great discussion this evening.

Mayor Medellin asked if Mr. Tooley had direction. He believes he does.

## 2. Council Reports

Council Member Robinson stated he had nothing to report.

Mayor Pro Tem Foley Gallegos stated she had nothing to report.

Council Member Rigby stated he had nothing to report.

Council Member Holley stated he attended the extravaganza for the realtors out there. It was a well-organized group of people. He saw a lot of realtors that he didn't know they had in Madera. It was well attended.

Council Member Rodriguez stated there were also lenders in the extravaganza. They didn't know but there were probably more lenders than there were realtors. It was a nice event. It had a big turn out; a lot bigger than last year. It's growing. He doesn't know if the City generates anything out of that or not. He knows it helps a lot of people especially the residents of Madera when they are shopping for services: homes or lending. He did see Council Member Holley.

Council Member Holley stated Council Member Rigby was there.

Council Member Rodriguez stated they had a booth out there with some of the department heads and unfortunately, he didn't know they had a booth out there so when he visited out there it was a little late and he thinks they had already cleaned up.

Council Member Oliver stated he had nothing to report.

Mayor Medellin stated he had nothing to report. He stated they would see them in a couple of days.

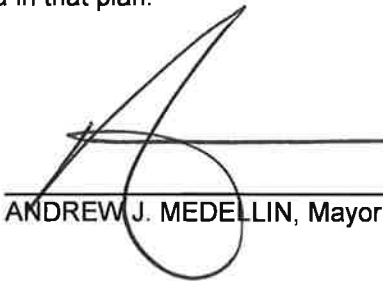
### **ADJOURNMENT**


The meeting was adjourned by Mayor Medellin at 7:48 p.m.

### **CONSISTENCY WITH THE VISION MADERA 2025 PLAN**

Approval of the minutes is not addressed in the vision or action plans; the requested action is also not in conflict with any of the actions or goals contained in that plan.

  
\_\_\_\_\_  
SONIA ALVAREZ, City Clerk

  
\_\_\_\_\_  
ANDREW J. MEDELLIN, Mayor

  
\_\_\_\_\_  
Prepared by:  
ZELDA LEÓN, Deputy City Clerk

