TOWN COUNCIL AGENDA

SPECIAL MEETING – 3:30 P.M. – AUGUST 13, 2009

If you wish to address the Town Council, it is requested that you complete a "Request to Address Council" card and give it to the Town Clerk prior to the beginning of the Council Meeting.

All writings or documents which are related to any item on an open session agenda and which are distributed to a majority of the Town Council within 72 hours of a Regular Meeting will be available for public inspection at the time the subject writing or document is distributed to a majority of the subject body. The information will be available at the Town Hall in the Town Clerk's Department at 5555 Skyway, Paradise, California, during regular business hours Monday through Thursday from 8:00 a.m. to 5:00 p.m.

1. OPENING

a. Call to Order
b. Pledge of Allegiance to the Flag of the United States of America
c. Roll Call

2. COUNCIL CONSIDERATION

2a. Consider (1) Approving the recommended measures amounting to $ 363,206 in order to eliminate the remaining FY 2009/10 General Fund deficit; and, (2) Adopting Resolution No._____, a Resolution Concerning Lay-offs Due to a Reduction in Town Revenues; or,(3) Decline, modify or change the recommended budget deficit reduction measures, as submitted. **(ROLL CALL VOTE)**

3. ADJOURNMENT

STATE OF CALIFORNIA)
COUNTY OF BUTTE) ss.

I declare under penalty of perjury that I am employed by the Town of Paradise in the Town Clerk's Department and that I posted this Agenda on the bulletin board both inside and outside of Town Hall on the following date:

_____
Town/Deputy Town Clerk

TOWN COUNCIL BUDGET
COUNCIL AGENDA REPORT
DATE: AUGUST 13, 2009

AGENDA NO. 2.a.

ORIGINATED &
REVIEWED BY: Charles Rough, Town Manager
Town Department Directors

SUBJECT: PROPOSED ADDITIONAL GENERAL FUND DEFICIT REDUCTION MEASURES TO ELIMINATE THE REMAINING FISCAL YEAR 2009/10 GENERAL FUND DEFICIT

COUNCIL ACTION REQUESTED:

1. **Approve the recommended measures amounting to $ 363,206 in order to eliminate the remaining FY 2009/10 General Fund deficit; and**
2. **Adopt Resolution No._____, a resolution concerning lay-offs due to a reduction in Town revenues; or**
3. **Decline, modify or change the recommended budget deficit reduction Measures, as submitted.**

BACKGROUND:

The Town Council is fully aware, that the adopted Fiscal Years 2009/10 and 2010/11 Budgets, were adopted, this last June 26, with the full intent of revisiting the Budget shortly after the new fiscal year began to make further necessary cuts in the 2009/10 Budget in order to eliminate the remaining general fund deficit.

The Council will recall, that the adopted budget represented in itself a significant reduction to the deficit, however, despite these considerable efforts, there still remained a $ 363,206 projected structural operating deficit for the new, current fiscal year. The complete elimination of this remaining deficit is an essential, prudent action to take to ensure the Town's financial stability and solvency, not only in terms of the current fiscal year, but in terms of the long term. Its elimination will reduce by half the projected general fund deficit that we face for FY 2010/11, and make the challenges we face for that particular fiscal year more easily addressable.

Despite a few more optimistic signs relative to the economic recession at the national level, California will probably remain mired in a much longer, drawn out recession than the rest of the nation. The state budget that was approved was once again full of gimmicks, so it already appears to be $10-$15 billion out of balance.

With respect to the adopted State budget impacts on the Town, there is some good news and bad news.

The good news is that repayment of the Proposition 1A "borrowing" or loan, of $ 573,542 of our property tax revenues to the State, which was part of the adopted State budget, is securitized. Therefore, it appears that California Communities, the League of California Cities and the California State Association of Counties joint powers financing authority, may be able to arrange financing that replaces 100% of our scheduled current fiscal year $ 573,542 loss.

The bad news is that we fully expect 2-3 months deferrals of our gas tax payments, which will cause cash flow pressures for the Town, especially during this first part of the fiscal year.

The other bad news is the State's planned taking of a portion of our redevelopment property tax increment revenues in both fiscal years 2009/10 and 2010/11. However, we are hopeful that the California Redevelopment Association and California League of Cities will be successful with the legal challenge that they are mounting against this State action.

There are two factors that might increase the $ 363,206 general fund remaining deficit and cause us to come back to the Council with further cuts (beyond those proposed in this report). They are:

- The first factor involves a much higher number of property tax reassessments than we anticipated in the adopted budget, or a further deterioration of the local economy, both of which might increase the loss of our property tax and sales tax revenues that we projected in the recently adopted budget or this new fiscal year.

- The second factor has to do with successfully reaching agreement with the four remaining employee units relative to the shared sacrifice personnel reductions (or their equivalent) that are part of the cost savings built into the new budget. At this writing, we are hopeful that agreements will be reached in time for the August 25 Town Council meeting. Our adopted budget included an allowance for these meet and confer negotiations to take place without affecting the financial bottom line. However, the longer it takes to reach agreement will have the net effect of reducing the value of the cost savings, and increasing the general fund deficit by that same amount.

DISCUSSION:

The elimination of this remaining general fund deficit is not just about numbers. It's about people, and under the circumstances, having to make some very difficult decisions that affect people's very livelihoods, as well as their personal financial situations. Though each round of budget cutting, since last December, has been tough, this last round of cuts that are recommended in this report were even tougher for our Town management team

this time around, not to mention the affected employees themselves. This was not a enjoyable exercise, but a painful and necessary one that I hope we will not have to repeat.

The elimination of the remaining $ 363, 207 general fund structural operating deficit was assigned by me to each of the departments that are funded partially, or entirely by the general fund.

In tackling the elimination of this remaining general fund deficit, I asked the affected department and division heads to address it from three different approaches. They were asked to help reduce the deficit through either an identification of realistically achievable, additional revenue sources; opportunities within the organization to achieve greater efficiencies (e.g. operational consolidation, etc.); through actual budgetary cutbacks; or a combination of any of the three.

The recommended budget deficit reduction measures were submitted by the affected department directors, and reviewed by me and our finance director to ensure that they represented hard, rather than soft savings.

While public safety accounts for 71.39% of all general fund expenditures, I assigned both the police and fire department heads with coming up with 60% of the deficit cuts, and the affected non-public safety department heads with coming up with 40% of the deficit cuts. (Public safety actually came up with 63% of the budget deficit measures). This was due to the fact that public safety is our Town's number one essential service priority, and has a much higher service demand level than any other department in our general purpose municipal government. This basic fact does not diminish the importance, or value, of the legally required, or mandated non-public safety general purpose government functions that are also a necessary part of our municipal government organization.

The proposed measures to further address the Town's state of fiscal emergency, and to eliminate the remaining FY 2009/10 general fund deficit are:

- Immediate reduction of the following non-public safety positions from 40-hours to 36-hours per week - Estimated savings- FY 09/10 - $ 54,644; FY 10/11- $ 26,529 :

  Assistant Town Clerk
  Assistant Community Development Director
  Assistant Public Works Director
  Associate Engineer
  CDD/PW Projects Coordinator
  CDD/PW Office Supervisor
  PW Maintenance Supervisor
  Construction Inspector

CDD Planning Technician
(3) PW Maintenance Worker II's

- Immediate reduction of the Deputy Town Clerk from 28-hours to 24-hours per week -Estimated savings - $ 3,838

- Lay-off (1) 24-hour part-time Code Enforcement Officer – Estimated savings – FY 09/10 - $ 10,660.10 (after accrual pay-outs); FY 10/11 - $ 24,416.00

- Lay-off (1) 36-hour full-time Environmental Services Specialist (Onsite Counter) and consolidate building and onsite counter operations. Building Permit Technician will perform counter duties for both building and onsite, which will allow part of the Technician's salary and benefits to be paid by the Onsite Enterprise Fund – Estimated savings – FY 09/10 - $ 19,238; FY 10/11 - $ 25,650

- Lay-off the two 30-hour per week Financial Service Clerk I positions (60-hours per week total); will be replaced by a 36-hour Senior Financial Services Clerk position + 4 hours of Human Resources Administrative Assistant II position's current 28 hours per week (no additional hours) for payroll assistance and support to Finance. This will still mean a net loss of 20-personnel hours per week to the Finance Department – Estimated savings – FY 09/10 - $ 1,539,94 (after accrual payouts); FY 10/11-$ 16,184.01

- Town Clerk's Department, which assumed public noticing responsibility for all departments this last fiscal year, will assume responsibility for taking minutes at Planning Commission, Planning Director Administrative hearings, etc., in addition to its regular responsibility to take minutes for all Town Council meetings.

- Deferral in filling an open police sergeant's position from 10/1/09 to 12/31/09- Estimated savings - $ 20,833

- Pulling our BINTF assigned officer back into patrol from 9/1/09 through 12/31/09 & Lt. Billington making up for dayshift patrol shortages. Our two trainees should clear by early December. Estimated savings - $ 15,000

- Establishment of a medical calls (direct billing) cost recovery program to recover some of our fire department personnel and equipment usage costs for medical emergency calls that our fire department provides in support of First Responder, the private ambulance service. (Proposed cost recovery program will be submitted to the Town Council at the August 25 meeting for consideration) (Based on average 2,561 medical call-outs per year; Average billing recovery rate – 60%; Our estimates based conservatively on 40% recovery rate - $ 182,000-$206,000

- per year) – Estimated additional general fund offset to reduce deficit (balance this year)- $ 105,584

- Reduction of overtime in fire administration – Estimated savings - $ 10,000

- Reduction of overtime in fire suppression – Estimated savings - $ 35,000

- Reduction in Police Department M &O accounts (see attachment for details) – Estimated savings - $ 40,167 (balance of $ 76,000 in total department cuts was already noted above)

- Reduction in Non-Public Safety M & O accounts (see attachment for details) – Estimated savings - $ 46,702

TOTAL PROPOSED OFFSETS (ADDITIONAL REVENUES) AND/OR BUDGETARY CUTBACKS TO ELIMINATE THE REMAINING GENERAL FUND DEFICIT - $ 363,206

Non-Public Safety contribution to reducing deficit - $ 136,622
Public Safety contribution to reducing deficit - $ 226,584

IMPACTS TO TOWN SERVICES:

The budget cutbacks that we implemented last December, and that we've since implemented as part of the recently adopted budget already have had, and will continue to have (into the immediate future) a profound impact on our ability to provide the level of services that we've delivered in the past. It's simply no longer business as usual. This small organization, which has historically achieved and done so much with so little, has arrived at the point, that with increasingly limited staff resources and funding, that the expectations, range and timeliness of the services (both external and internal) that we can reasonably provide, as well as achieve have to be adjusted to the present reality of our reduced personnel and financial capabilities.

This is not to be confused with the underlying fact that we will continue to prepare and plan for an eventual turnaround in terms of services, programs and projects; or continue to pursue opportunities even in the midst of these tough times.

However, highlighted below are some of the impacts on services and operations that will result from this new round of proposed budgetary cutbacks:

- **Development Services (CDD & PW):**

  This may not be a problem while we continue to have a downturn in building and development activity in our community, however, it will become a more serious problem if we don't adjust the development services side of the organization later when private development/building activity resumes. We will need to be sensitive to any future upturn in building and development activity in the community, and increase required staffing where needed.

  Consolidated development services counter (one counter closed - experimental only during this slow period, however, customers at times may experience longer waiting periods at the counter).

  Pre-checks, plan checks & building & onsite permit processing may take longer depending on volume.

  Annual onsite evaluation notices, processing, and follow-ups & commercial inspections may not be done in a timely manner.

  Engineering review turn-around of private development may take longer depending on volume.

  Public Works Capital Projects Engineering & Design

  Primary focus will be on the timely completion of the federal stimulus & CMAQ funded projects & use of contracted engineering where applicable. Other capital projects perhaps will take secondary priority.

  Public Works Streets Maintenance Division

  Reduced staffing and hours will result in priority focus on those street maintenance and repair projects which pose the highest risks to public safety; some annual projects (drainage & culvert clean-outs may not be fully completed each year; on-call & call-back back system under review.

  Finance

  The net loss in personnel hours per week will result in AP runs going from weekly to every other week and the reduction of emergency AP runs. Collection efforts will be slowed. Financial analysis special project requests may be slowed as the director and finance supervisor will need to help more with daily processing.

Human Resources

With the loss of 4 hours per week of her administrative assistant to assist Finance, and in addition to her regular duties, the HR Manager will assume some of her assistant's administrative duties including, but not limited to workers compensation and risk management claims processing; benefits payments processing; filing to keep employee personnel and medical files current; and other administrative/clerical HR duties that the administrative assistant performed.

The drastic reduction in recruitments (planned vs. unanticipated) for this fiscal year should help compensate temporarily for some of the loss of hours.

Public Safety

Due to the 24/7 personnel intensive nature of police and fire operations, the departments maintained their current staffing levels, but in the case of the police department they have deferred the filling of positions, pulled back assigned positions and a lieutenant to assist with patrol, and cut various line item expenses. The Fire Department has cut budgeted overtime costs based and has developed proposed cost recovery programs that not will help reduce this remaining deficit, but has the potential to establish a department reserve for equipment and vehicle replacement without impacting future general fund budgets.

RESOLUTION NO. 09-___

A RESOLUTION OF THE TOWN COUNCIL CONCERNING LAYOFFS DUE TO A REDUCTION IN TOWN REVENUES

WHEREAS, the Town is forecasting a reduction in its revenue, which will require the layoff of four positions currently filled and listed in detail in Attachment No.1 of this Resolution; and

WHEREAS, Rule XII of the Town of Paradise Personnel Rules and Regulations provides the procedures for laying off Town employees as follows:

1. Statement of Intent: Whenever, in the judgment of the Town Council, it becomes necessary to abolish any position of employment, the employee holding such position or employment may be laid off or demoted without disciplinary action and without the right of appeal.

2. Notification: Employees to be laid off shall be given, whenever possible, at least sixty (60) calendar days prior notice.

3. Vacancy and Demotion: Except as otherwise provided, whenever there is a reduction in the work force, the appointing authority shall first demote to a vacancy, if any, in a lower class for which the employee who is the latest to be laid off in accordance with Section 6 is qualified. All persons so demoted shall have their names placed on the reemployment list.

4. Employee Rights: An employee affected by layoff shall have the right to displace an employee in the same department who has less seniority in a lower class in the same class series or in a lower classification in which the affected employee once had permanent status. For the purpose of this section and Section 5, seniority includes all periods of full-time service at or above the classification level where layoff is to occur.

5. Seniority: Providing merit and ability are equal and in order to retreat to a former or lower class, an employee must have more seniority than at least one of the incumbents in the retreat class and request displacement action in writing to the Personnel Director within five (5) working days of receipt of notice of layoff.

6. Employment Status: In each class of position, employees shall be laid off according to employment status in the following order: temporary, provisional, probationary and regular.

   Temporary, provisional and probationary employees shall be laid off according to the needs of the service as determined by the appointing authority.

   Employees within each category shall be laid off in inverse order of seniority in Town service.

7. Re-employment List: The names of persons laid off or demoted in accordance with these Rules shall be entered upon a re-employment list. Separate re-employment lists shall be

maintained for each department and used by that department when a vacancy arises in the same or lower class of position before certification is made from an eligible list.

8. Duration of Re-employment List: Names of persons laid off shall be carried on a re-employment list for three (3) years, except that persons appointed to permanent positions of the same level as that which laid off, shall upon such appointment, be dropped from the list. Persons who refuse reemployment shall be dropped from the list. Persons re-employed in a lower class, or on a temporary basis, shall be continued on the list for the higher position for the three (3) years; and

WHEREAS, based on Rule XII of the Town of Paradise Personnel Rules and Regulations and a thorough analysis of the Town's staffing requirements, the Town Manager is recommending that the persons currently holding the positions identified in Attachment No.1 be laid off.

NOW, THEREFORE the Town Council of the Town of Paradise does resolve, as follows:

Section 1. The above statements are true and correct.

Section 2. After reviewing the analysis and recommendation of the Town Manager, the Council authorizes the Town Manager to lay off the four employees in the positions as set forth in Attachment No.1 of this Resolution, the 60 day layoff notices shall be given to such employees on Monday, August 17, 2009.

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PASSED AND ADOPTED by the Town Council of the Town of Paradise this 13th day of August, 2009, by the following vote:

AYES:

NOES:

ABSENT:

NOT VOTING:

_____

FRANKIE RUTLEDGE, Mayor

RESOLUTION NO. 09-___

ATTEST:

By: _____
Frankie Rutledge, Town Clerk

APPROVED AS TO FORM:

_____
Dwight L. Moore, Town Attorney

RESOLUTION NO. 09-___

Attachment No.1

1. **Financial Services Clerk I** – Penny Ramirez was hired September 5, 2005 and is the only one left in this position we are eliminating.

2. **Financial Services Clerk I** – Sheila Derr hired January 2, 2008 and has the least seniority.

3. **Code Enforcement Officer** – Roger Conley was hired August 08, 2006 and has the least seniority.

4. **Environmental Services Specialist** – Lori Herron hired January 14, 2008 and has the least seniority.

TOWN OF PARADISE
M&O EXPENSE ADJUSTMENT
AS OF AUGUST 11, 2009

HR	1010.20.4203			
	5213.100	Professional services	15,000.00	
	5218.100	Advertising	5,000.00	
	5220.100	Employee Development	645.00	
	5220.110	Education Reimbursement	600.00	21,245.00
Engineering	1010.45.4740			
	5105	Overtime	2,600.00	
	5202.100	Operating Supplies	800.00	
	5219.100	Printing	150.00	
	5220.100	Employee Development	150.00	
	5304	Furniture & Equipment	3,300.00	7,000.00
Building/CCS	5030.40.4730			
	5105	Overtime	500.00	
	5201.100	Office Supplies	600.00	
	5202.100	Operating Supplies	80.00	
	5210.100	Postage	625.00	1,805.00
CDD/Planning	1010.40.4720			
	5105	Overtime	1,000.00	
	5201.100	Office Supplies	200.00	
	5209.100	Auto Fuel Expense	100.00	
	5210.100	Postage	200.00	
	5218.100	Advertising	200.00	1,700.00
CDD/Waste Management	1010.40.4780			
	5105	Overtime	500.00	
	5220.100	Employee Development	150.00	650.00
Town Clerk	1010.15.4100			
	5106.200	Gym Reimbursement	175.00	
	5218.100	Advertising	200.00	
	5220.100	Employee Development	2,000.00	2,375.00
Streets	2120.45.4750			
	5202.100	Operating Supplies	1,200.00	
	5203.100	Repairs and Maint.	3,000.00	
	5209.100	Auto Fuel	1,300.00	
	5213.100	Professional Services	2,000.00	
	5214.100	Repairs and Maint.	4,000.00	11,500.00
Finance	1010.25.4400			
	5106.100	Gym Reimbursement	52.00	
	5202.100	Operating Supplies	75.00	
	5210.100	Postage	100.00	
	5260	Miscellaneous	200.00	427.00
				46,702.00

MEMORANDUM

RE-VISED 8/4/09.

To: Town Manager, Chuck Rough

From: Chief of Police, Gerald Carrigan

Subject: 09/10 Budget Cuts - Justifications

Date: August 3, 2009

Below you will find the justifications for some of the additional funds we were asked to find in our budget to meet the 35% of $217,000.00 or $76,000 Town of Paradise deficit.

4520.5101 – Police Operations – Salaries–Overtime;

- **Reduced budget by $15,000.00. By pulling our BINTF Officer back into patrol from 9/1/09 thru 12/31/09 and Lt. Billington to make-up dayshift shortages during this time. We will still pay the $5000.00 Annual BINTF Fee to show our commitment and subsequent re-assignment of the officer back to BINTF on January 4, 2010. Also, our two trainees should clear probation by early December and aid in the further reduction in patrol overtime.**
- **Reduced budget by $20,833.00. Salary savings for Sergeant's position vacancy 10/1/09 thru 12/31/09.**

4530.5105 – Police Communications – Salaries-Overtime;

- **Reduced budget by $5,000.00. Lt. Buzzard believes by utilizing our "Salaries-Temporary" employees we can stay within the decreased budget.**

4530.5101 – Police Communications – Salaries-Permanent;

- **Reduced budget by $2,019.00. Salary savings for one 20-hour dispatcher who is on a leave of absence July 1, 2009 thru July 31, 2009. Leave of absence is still in effect, additional salary savings pending.**
    - **Also reduced budget by $9,000.00 by transferring from the COPS Grant to offset CSO Rollo "Salaries-Permanent".**

4550.5203 – Town Motor pool – Operating Supplies;

- **08/09 Budget was $63,173.00. The amount spent for 08/09 was approximately $36,595.00, leaving a balance of approximately $26,578.00. The budget amount for 09/10 is $51,863.00 and is only lower due to "Tire Service" being moved to 4550.5214. The budget reduction was discussed with the Town Mechanic who agreed that a reduction in this particular account could be managed.**