

**MINUTES
PARADISE TOWN COUNCIL
SPECIAL MEETING – 9:00 a.m. – June 28, 2011**

The Special Meeting of the Town Council of the Town of Paradise was called to order by Mayor White at 9:01 a.m. in the Council Chambers, Town Hall, 5555 Skyway, Paradise, California.

COUNCIL MEMBERS PRESENT: Steve “Woody” Culleton, Joe DiDuca, Scott Lotter, Tim Titus and Alan White, Mayor.

COUNCIL MEMBERS ABSENT: None.

STAFF PRESENT: Town Clerk Gutierrez, Town Manager Rough, Town Attorney Moore, Finance Director Will, Assistant Town Manager Gill, Community Development Director Baker, Public Works Director/Town Engineer Schmidt, Assistant Public Works Director Derr, Assistant Town Clerk Volenski, Onsite Sanitary Official Danz, Fire Chief Cone, Battalion Chief Hasek, Police Chief Buzzard, Police Lieutenant Billington, Police Lieutenant Tazzari, IT Manager Marquis and Fleet Manager Dinsmore.

2. FY 2010 /2011 & 2011/2012 BUDGET OVERVIEW

Agenda Item 2a: Town Manager Rough presented the annual budget message in which he discussed the current budget deficit anticipated to be \$388,352; that an adopted budget is the beginning of an ongoing process; that the proposed budget is for \$16,976,419, of which \$10,479,124 is for proposed general fund expenditures. Manager Rough discussed negative impacts to the Town’s revenue sources which include a greater than anticipated reduction in general fund property tax and vehicle license fee revenue and income; and, continuing decline in retail sales - an \$853,799 loss since 2008/2009.

Manager Rough stated that although budget reduction measures have reduced expenses, the savings will be offset by continuing rising costs, and reviewed the recommendations proposed in order to maintain fiscal solvency and provide services. He discussed objectives and measures to achieve a bare bones budget that include: the Cal Fire proposal to provide fire protection services; elimination of General Fund subsidies; RDA allocations shifted to General Fund; establishment of a trust fund to address the unfunded liability issue; the consolidation of building safety and onsite enterprise funds into a single restricted revolving fund; and, additional employee layoffs (environmental services technician, senior building inspector and senior financial services clerk); and, his early retirement plan.

Finance Director Will displayed a powerpoint to illustrate the last five year actuals and the five year projections regarding increased cost of benefits and declining revenue trends. Details were provided regarding personnel costs, medical insurance costs, retiree medical unfunded liability, PERS rate increases, PERS obligation bond, and liability and workers compensation coverage costs.

Manager Rough discussed the proposal for his retiring two years earlier than the date in his contract –December 2013 – and that he would work on a part time, hourly basis for the 2012 calendar year under two six-month PERS 960 contracts through December 13, 2012, and that the net savings for FY 2011/2012 would be \$46,000, and for FY 2011/2013 would be \$84,000.

Agenda Item 2b: The Town department heads presented and discussed with Council the proposed budget plans, and Mayor White called for public comment after each presentation. Following presentations and discussion, the Town Council concurred with the Town Manager's recommendations for the following General Government department budgets as follows:

Public comment on the Town Council budget:

1. Fred Aldred stated that his questions are being answered as the budget session progresses.

Agenda Item 2b1-Town Council Concurred with Town Manager recommendations for the Town Council budget as presented by the Town Manager with direction that there be flexibility in using funds allocated for operating supplies for Council attendance at LCC Policy Committee meetings, if necessary.

Agenda item 2b2 - Town Clerk Concurred with the Town Manager recommendations for the Town Clerk budget as presented by the Town Clerk, with the direction that advertizing costs be evaluated for possible duplication in other department budgets, and that technology for the agenda/meeting process automation be reviewed as a possible cost savings measure.

Public comment on the Town Manager budget:

1. Loren Harvey asked if RDA funds were being used for the Town Manager position, discussed the Manager's retirement proposal, asked about delaying the pay out of accruals, expressed concern about the Manager's availability due to reduced hours, and that he

thinks the cuts should come from somewhere else and not from the Town Manager position.

2. Tom Kelly expressed concern about the wording relating to the Town Manager's hours and that that he thinks other places should be cut, not the Town Manager position.

Agenda Item 2b3 - Town Manager Concurred with the Town Manager recommendation for the Town Manager Department as presented by the Town Manager. Includes the proposed early retirement plan for the Town Manager.

Agenda Item 2b4 - EOC Concurred with the Town Manager recommendation for Emergency Operations Center (EOC) as presented by the Town Manager.

Agenda Item 2b5 - Human Resources Concurred with the Town Manager recommendation for Human Resources as presented by the Town Manager. HR/Risk Management Manager position eliminated; Administrative Assistant position reclassified as HR/Risk Management Analyst at existing salary range at 36 hours per week.

Mayor White called for a ten minute recess at 10:40 a.m. and reconvened the meeting at 10:50 a.m.

Council concurred to hear items 2b6 – Business & Housing; 2f – Community Development; 2g – Public Works; and, 2i, 5-year Capital Projects Plan, at this time.

Agenda Item 2b6 - Business & Housing Concurred with the Town Manager recommendation for Business & Housing Services budgets as presented by Assistant Town Manager Gill for Development Services, HUD Revolving Loan Fund, HOME Revolving Loan Fund, CalHome Grant, and CDBG Grants.

Agenda Item 2f -Community Development Department Concurred with the Town Manager recommendation for the Community Development Department as presented by Community Development Department Director Baker for Planning, Waste Management, Building Safety & Waste Water Services and Abandoned Vehicle Abatement. Includes elimination of Senior Building Inspector & Environmental Services Technician positions.

Agenda Item 2g - Public Works Department: Public Works Director Schmidt noted an error in the allocation for phones for the street department and that the correction will result in a \$1710

reduction to line item 2120-45-4750 and informed the Council that the Associate Engineer position will become vacant at the end of this month due to re-employment.

Following discussion, Council concurred that the Construction Inspector be budgeted as a 40-hour per week position; and, concurred with the Town Manager recommendations for the Public Works Department budgets as presented by Town Engineer/Public Works Director Schmidt for Engineering, Paradise Community Park, Public Facilities, Gas Tax/Streets Maintenance and Transit.

Agenda Item 2i - 5-Year Capital Project Plan: Concurred with the Town Manager recommendation for the 5-year Capital Improvement Projects budget as presented by Town Engineer/Public Works Director Schmidt.

Council concurred to move item 2c, Police Department services, to this time on the agenda, with the Animal Control budget to be discussed first.

Agenda Item 2c – Police Department Services: Following presentation and discussion with Police Chief Buzzard regarding the proposed budget for animal control services, Mayor White opened the matter to public comment.

1. Tony Degel, stated that he thinks the PA system needs an upgrade, that he liked Council Member Titus' comment about buying American made products, that there are a lot of people here today for the animals and stated that what the Town Council does today will affect the animals in the community.
2. Loren Harvey, suggested the Council consider privatizing the animal control shelter, asked what happened to the funding that was available before Measure N, and that he does not think the police department should be running animal control.
3. Dale Paul, member of Paradise Animal Shelter Helpers (PASH) since 1990, discussed that the intent of Measure N was to fund the animal control operation in addition to other user fees and contributions, that the community support of Measure N showed that the community wants animal control services, that he does not see any provision that general fund monies would not be used, discussed potential problems that will occur in the community as a result of the proposed cuts in staffing (more loose animals, increased roadkill, etc.), discussed the volunteer efforts of PASH and the hours volunteered by the current animal control officer outside of her

regular hours, and asked the Council to come up with something less drastic than what is currently proposed.

4. Gene Paul, president of PASH, discussed the various expenses added over the last six years, since the passage of Measure N, that have contributed to the current situation, which included additional staffing, new software and maintenance costs, and recently, pension obligation bond payments, and retiree and medical costs that have impacted the amount of money that would have gone to the shelter operation.

5. Ginny Ryan stated that it was not her understanding that the passage of Measure N meant that the Town would no longer contribute to the animal control operation, discussed the commitments of PASH to the shelter operation and the obligation to the animals in our community.

Manager Rough explained that the intent of Measure N was to make the animal control operation self sufficient and separate it out of the general fund so the Town could more adequately fund police and fire services, as it had become apparent with the ongoing budget crisis at the state level that the Town would not be able to continue to subsidize animal control shelter services. The original goal of Measure N was also to improve the services of the animal control operation; and, at the time Measure N was being discussed, an escalator was suggested, as it was understood that the proposed fixed amount would not cover the costs in perpetuity.

6. Loretta Griffin discussed the costs of overtime and uniforms, suggested ways to cut the expenses of the animal control department with a salaried position, less expensive uniforms and increased donations, and encouraged the Council to get together with PASH to discuss the shelter operations.

At 1:00 p.m. Mayor White called for a one-hour recess for lunch and reconvened the meeting at 2:00 p.m.

Following presentation and discussion with Police Chief Buzzard regarding proposed budgets for Police Administration, Operations and Communication, Mayor White opened the matter of public comment.

1. Loren Harvey, stated that Chico charges for false alarms, that he thinks the Town should look at the cost of the County providing police services, that the Town needs a full time investigator or a full time beat cop, and reserve officers are an excellent idea.

Agenda Item 2c – Police Department Council concurred with the Town Manager recommendations for the Police Department Administration, Operations and Communications budget.

Animal Control - Council concurred that the Animal Control department remain funded through the Town for the next six months; that the Animal Control Officer position be budgeted at 36 hours and the Office Assistant III position be budgeted at 18 hours; that the proposed shelter schedule include open hours for Saturday; that the deficit be funded from animal control donation fund 7811; and, concurred with the remainder of the Town Manager recommendations for Animal Control.

Council concurred that a plan for shelter services needs to be formulated and brought back for discussion within 90 days.

Agenda Item 2b7 – Legal Services Council concurred with the Town Manager recommendations for the Legal Services budget as presented by Town Attorney Moore. Includes reduction of 10 hours per month.

Agenda Item 2b8 – Finance Council concurred with the Town Manager recommendations for the Finance Department budget as presented by Finance Director Will. Includes elimination of a Senior Financial Services Clerk position.

Agenda Item 2d – Fleet Management Council concurred with the Town Manager's budget recommendations for the Fleet Management program as presented by Fleet Maintenance Manager Dinsmore.

Agenda Item 2e – Fire Department Council concurred with the Town Manager's recommendations for the Fire Department Administration, Suppression, and Volunteer Program budgets as presented by Fire Chief Cone.

Agenda Item 2h: Council concurred with the Town Manager's recommendation for the Central Services budget as presented by Finance Director Will, IT Manager Marquis and Assistant Town Manager Gill. Includes a \$500 reduction to the IT phone service line item.

Mayor White called for a recess at 4:00 p.m. and reconvened the meeting at 4:10 p.m.

Council Member Titus presented for discussion a power point which set out what he thinks are the biggest problems, suggested reforms, and other ideas. Titus discussed the rising costs to the general fund for pensions & benefits, the Pension Obligation Bond, PERS contributions, health Insurance increases and unrestricted reserves; and, suggested reforms that include increasing reserves, eliminating steps and going to employee performance evaluations, renegotiating the PERS bond, consolidating positions, freezing PERS and implementing a 457 plan, cap PERS, privatizing the animal shelter, and consider the feasibility of becoming a charter city. He suggested a public budget education session, a monthly state of the budget report to the Council and possible consolidations with other government agencies, either taking on or outsourcing, for services such as grounds keeping (park), fleet services, IT, Dispatch, Payroll, HR and Finance.

Council concurred to direct staff to come back to the Town Council within the next six months with an evaluation of potential cost saving measures that could be achieved, as discussed, through consolidated and/or contracting service opportunities with other agencies; technology; franchised ambulance services; privatization of animal shelter services; and, any other options that could generate revenue or cut costs.

Council concurred to amend proposed Resolution No 11-17 to include a Section 5 that states that the Council's goal is to increase the general fund reserve to 15% of the general fund appropriation.

At 5:00 p.m. Mayor White called for a five-minute recess to allow the Finance Director to calculate the changes to the budget and reconvened the meeting at 5:10 p.m.

Finance Director Will announced the changes to proposed Resolution No. 11-15 and informed Council that the appropriations total for the Fiscal Year 2011-2012 is \$17,000,133; the amount for the Transfer In is \$2,130,836 and Transfer Out is \$2,130,836; and, the amount for the general fund reserves is \$1,127,905.

3. COUNCIL CONSIDERATION

Agenda Item 3(a): MOTION by Culleton, seconded by Lotter, adopted Resolution No. 11-15, A Resolution of the Town Council of the Town of Paradise Approving and Adopting the Final Budget for the Town of Paradise Including All Attachments, Appendices, and Other Related Documents for the 2011/2012 Fiscal Year, Ending June 30, 2012, as amended. Roll call vote was unanimous.

TC (RES) [ADOPT] Res
No 11-15, Final Budget
for FY 2011/2012. (340-
10-32)

Agenda Item 3(b): MOTION by Lotter, seconded by Culleton, adopted Resolution No. 11-16, A Resolution of the Town Council of the Town of Paradise Approving and Adopting the Annual Appropriations Limit for the 2011/2012 Fiscal Year, Ending June 30, 2012. Roll call vote was unanimous.

TC (RES) [ADOPT] Res No 11-16, Appropriations Limit for FY 2011/2012. (340-10-32)

Manager Rough informed Council that the general fund reserves are no longer designated reserves and that the required fund balance policy is attached to the resolution.

Council concurred to add Section 5 to proposed Resolution No 11-17 as follows: "Notwithstanding the aforementioned section, it is the intent of the Council to increase the General Fund Reserve to 15% of General Fund Appropriations."

Agenda item 3(c): MOTION by Lotter, seconded by Culleton, adopted Resolution No. 11-17, A Resolution of the Town Council of the Town of Paradise Approving Policy and Adopting General Fund Reserves For Fiscal Year 2011/2012, ending June 30, 2012, as amended. Roll call vote was unanimous.

TC (RES) [ADOPT] Res No 11-17, Approving Policy & Adopting General Fund Reserves TY 2011/12. (340-10-32)

Agenda Item 3(d): MOTION by Lotter, seconded by Titus, adopting Resolution No. 11-18, A Resolution of the Town Council of the Town of Paradise Approving Budget Adjustments Related to the Reclassification of the Newly Created Building Safety and Waste Water Services Fund for the 2010/2011 Fiscal Year. Roll call vote was unanimous.

TC (RES) [ADOPT] Res No 11-18, Budget Adjustments relating to New Building Safety & Waste Water Services Fund for 2010/2011. (340-10-32)

Agenda Item 3(e): MOTION by Lotter, seconded by Titus, adopted Resolution No. 11-19, A Resolution of the Town Council of the Town of Paradise Rescinding Resolution No. 10-18 and Approving and Adopting the Amended Salary Pay Plan for the 2011/2012 Fiscal Year, Ending June 30, 2012. Roll call vote was unanimous. Council concurred to direct staff to amend the salary schedule to reflect changes that were made in the budget.

TC (RES) [ADOPT] Res No 11-19, Salary Pay Plan for FY 2011/2012. (340-10-32)

Agenda Item 3(f): MOTION by Lotter, seconded by Titus, adopted Resolution No. 11-20, A Resolution of the Town Council of the Town of Paradise Concerning Layoffs Due to a Reduction in Town Revenues for the Fiscal Year Ending June 30, 2012. Roll call vote was unanimous.

TC (RES) [ADOPT] Res No 11-20, Layoffs Due to Reduction in Revenue for FY ending 6/30/12. (340-10-32)

Agenda Item 3(g): MOTION by Lotter, seconded by Titus, adopted Resolution No. 11-21, A Resolution of the Town Council of the Town of Paradise Adopting the Town of Paradise Five Year Capital Improvement Plan July 1, 2011 to June 30, 2016. Roll call vote was unanimous.

TC (RES) [ADOPT] Res No 11-21, Five-Year Capital Improvement Plan 7/1/11 to 6/30/16. (340-10-32)

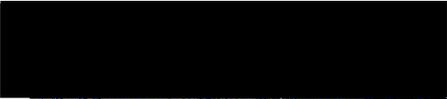
4. ADJOURNMENT

The Special Town Council meeting was adjourned at 5:25 p.m.

APPROVED: August 2, 2011



ALAN WHITE, Mayor



JOANNA GUTIERREZ, CMC, Town Clerk