

**MINUTES
SPECIAL WORKSHOP
CITY COUNCIL & REDEVELOPMENT AGENCY
CITY OF YUBA CITY
COUNCIL CHAMBERS
MAY 17, 2010, 3:30 P.M.**

Call To Order

The City Council of the City of Yuba City was called to order by Mayor Gill at 3:30 p.m.

Roll Call

Present: Councilmembers Maan, McBride, and Mayor Gill
Absent: Councilmember Dukes & Miller (arrived at 3:35 p.m.)

General Items

1. FY 09/10 Budget Update and FY 10/11 Budget Review

City Manager Steven Jepsen welcomed the bargaining unit representatives in attendance today.

Mr. Jepsen said that as revenue drops and expenses increase, we are left with a few options which Finance Director Robin Bertagna will review. We will need help from our employees. Healthcare increases will be 15-20% over the next two years. Pension increases are passed onto the City by PERS. Pension reform is necessary.

Finance Director Robin Bertagna said she anticipates we will have a \$2.5 million deficit in 2010/11. She recommends we use \$700,000 in economic stabilization funds and \$1.8 million in one time funds to cover it.

She reviewed Revenue/Expenditures from 2003/04 through 2011/12. Since 2008/09, when expenditures exceeded revenues for the first time, the gap between revenue and expenditures has increased dramatically and continues to widen.

Property tax revenues peaked in 2007/08 at \$12.1 million. For FY 10/11, we expect to receive just under \$10.9 million, a decline of \$1.2 million from the peak. The reduction for FY 10/11 is estimated at 4%.

Sales tax peaked in 2005/06 at \$11.1 million. In 2010/11 we are projecting it at \$8.8 million, a decline of \$2.3 million from the peak. The decline from FY 09/10 to FY 10/11 is estimated at 4%. Ms. Bertagna reviewed quarterly sales tax results compared to a year ago.

She noted increases in dental/medical/vision and PERS costs have gone down due to attrition, but we pay more per person.

Additional property tax revenue reduction is expected. The issues of the costs for the new animal control facility and flood control costs for City properties must be addressed.

We will probably be looking at rate increases for water and wastewater next January. A Prop 218 notice to customers must go out first.

Mr. Jepsen said we have a \$3.4 million gap for 2011/12 and there are concession options. His contract is up for renewal and he has offered to increase the furlough from 5% to 10%, and to pay pension and health care increases. If all employees also gave these concessions, we would still have a shortfall of \$800,000 in 2011/12. At some point, we will want to restore these concessions. Layoffs of 5% in public safety and 10% general employees will probably be necessary.

In summary, concessions are the best scenario to close the gap, along with layoffs to fix the structural problem.

Mr. Jepsen said fee options include increasing the trash disposal franchise fee from 5 to 10% to equal another \$500,000. A hotel tax overlay of 3% would bring in an additional \$190,000, and a lighting and landscape overlay could be initiated.

Mayor Gill stated Council will be asking employees to do more with a lot less. He is glad to see a two year forecast and hopes to restore concessions in a few years.

Councilmember Miller said he feels any increases in healthcare and pensions needs to

be borne by the employees. The entire community is suffering. The employees are doing a wonderful job during difficult times.

Councilmember McBride noted she also took a pay cut at her job this year to save jobs at the company and she appreciates City employee efforts.

Councilmember Maan stated they are going through similar issues in Yuba County where he works. Layoffs and concessions are necessary during difficult times like these. He told employees he appreciates the concessions they have given.

Councilmember Dukes said the private sector is taking a hit too. His business is down 40% and he feels the pain also. We are just trying to keep the City solvent.

City Manager Steve Jepsen said after July 1, he will ask that we open the bargaining unit contracts.

Public Communication on Items on the Agenda

- 2. Appearance of Interested Citizens – none.**

Adjournment

Mayor Gill adjourned the Special City Council Workshop of the City of Yuba City at 4:33 p.m.

Kash Gill
Mayor

ATTEST:

Terrel Locke
City Clerk