



**CITY OF NORCO
CITY COUNCIL SPECIAL MEETING MINUTES**

**Wednesday, May 6, 2015
City Council Chambers, 2820 Clark Avenue, Norco, CA 92860**

CALL TO ORDER: 4:05 p.m.

ROLL CALL: Herb Higgins, Mayor, **Present**
Kevin Bash, Mayor Pro Tem, **Present**
Kathy Azevedo, Council Member, **Present**
Berwin Hanna, Council Member, **Absent**
Greg Newton, Council Member, **Present**

PLEDGE OF ALLEGIANCE: Council Member Newton

CITY COUNCIL BUSINESS ITEMS AS FOLLOWS:

1. Presentation of the Fiscal Year 2015-2016 Operating Budget

City Manager Okoro indicated that this workshop is an introduction to the Fiscal Year 2015-2016 operating budget. The budget to be presented is a status quo budget with no new programs. The budget is still a work in progress and this workshop is to review the details.

City Manager Okoro presented General Fund highlights to the City Council. The total estimated General Fund revenues is \$16.3 million and total estimated expenditures is \$16.5 million. The preliminary General Fund expenditure budget is based on maintaining existing service levels with no new programs or employees, avoids the use of one-time revenues or inter-fund borrowing, provides funding for estimated 7% and 10% increase in Sheriff and County Fire contracts respectively, and continues to provide funding to pay down liability for post-retirement healthcare costs as well as retiree healthcare costs. The General Fund expenditure budget is also based on providing funding to pay for pass-through pension rate increases, excludes the impact of pass-through costs, and does not provide for employee pay adjustments. The General Fund revenue budget is impacted by an anticipated 5.1% increase in sales tax revenue from FY 2014-2015 estimated year-end amount. There is a projected 4% decline in property tax due to elimination of one-time item and decrease in tax increment sharing. Overall franchise fee is projected to increase by 8% due to phase-in increase in refuse franchise. There is an anticipated 3% increase in Planning and Building fees but overall charges for services are projected to be nearly flat.

City Manager Okoro briefly discussed the Water Fund highlights. The total projected Water Fund revenue amount is \$9.7 million and the total projected expenditure amount is \$10.1 million. He commented on the impact on future water rates due to water conservation requirements. Preliminary Water Fund revenues are based on FY 2014-2015 water sales level and existing water rates structure. Projected Water Fund expenditures are based on purchased water quantity being at the same level as FY 2014-

2015. Expenditures are also based on a projected 5% increase in the cost of purchased water and utilities, pass-through pension cost increases, projected increase in contractual services for well treatment, and an increase in set-aside amount for vehicle replacement. Sewer Fund total projected revenues is \$6.2 million and projected expenditures of \$5.7 million.

City Manager Okoro continued with a summary of General Fund revenues by source. The revenue categories included property tax, sales tax, franchise fees, motor vehicle license fees, overhead and transfers, fines, and other revenues for a preliminary FY 2015-2016 revenues total of \$16,343,095. Mr. Okoro also provided the Council with a summary of General Fund expenditures including police protection, fire suppression and EMS, animal control, administration, planning, parks, buildings, recreation, and other categories for a preliminary FY 2015-2016 expenditures total of \$16,531,594. He provided details for the Water Fund, Sewer Fund, and Gas Tax Fund.

Mayor Pro Tem Bash inquired about the increase in the Wee People Program. In response, Director of Parks, Recreation and Community Services Brian Petree indicated that he took the revenue programs, Youth and Leisure Services, and combined them for a better way of identifying programs that are recoverable by revenue. Mayor Pro Tem Bash also asked about the possibility of water rate increases due to a decreased use of potable water when the recycled water program is implemented to water city parks. In response, City Manager Okoro stated that currently, the cost of watering City parks is absorbed in the Water Fund. Water and Sewer Consultant Bill Thompson stated that staff will be bringing to Council a matrix of offsets in all areas. There are alternatives and staff is working on solutions to become more in compliance with State conservation mandates while trying to take the burden off of residents.

Council Member Newton commented on the 8 percent franchise fee increase going to the General Fund and a percentage of Waste Management franchise fees allocated to streets and trails. In response, City Manager Okoro noted that the last budget did include a Waste Management franchise fee revenue allocation of \$25,000 for street sweeping and \$75,000 for the Sheriff's Traffic Enforcement Program. There was some discussion between Council Member Newton and City Manager Okoro about the cost of water and crediting residents or banking the revenue should water costs decrease. City Manager Okoro said that revenue would be banked to offset future water increases. Council Member Newton also inquired about the increase for City Attorney costs and City Manager Okoro said that was due to costs for City prosecutor. Council Member Newton complimented the City Manager and staff for the \$6.9 million in reserves.

Council Member Azevedo suggested separating the City Attorney and City Council budgets for more transparency.

Mayor Higgins inquired about the court hearing regarding waste water and the City's offer to come up with an agreement. Water and Sewer Consultant Thompson indicated that the group was meeting today, which is the final step in the approval process. The regional board and environmental groups met last week and agreed that the City has a good proposal. They asked that the City install a monitoring well downstream. Mr. Thompson said that if everything is approved, the earliest that the City could draw from that recycled water to water the parks would be October 1st. Mayor Higgins asked who else draws from

the recycled water. In response, Mr. Thompson indicated that Norco is the only member of Western Riverside County Regional Wastewater Authority Joint Powers and the City is currently in discussions with the City of Corona to sell them any water the City of Norco does not use.

City Manager Okoro turned the presentation over to the individual department managers to present department and program budgets.

Lieutenant Eric Briddick presented brief information for the Sheriff's Department. The FY 2014-2015 amended budget is \$4,890,539 and the FY 2015-2016 preliminary budget is \$5,260,748 for a 7.5% change. FY 2014-2015 estimated year-end expenditures are above the FY 2014-2015 budget due to unbudgeted workers compensation paid in the Citizens on Patrol Program. FY 2015-2016 budgeted expenditures are \$370,209 or 7.5% higher than the FY 2014-2015 budget due to the anticipated 7% increase in the Sheriff's contract services. Additionally, appropriation for traffic enforcement is recommended to be increased by \$25,000 to \$100,000. A new line item for bio-hazard clean-up and one additional crossing guard position to Norco Elementary are proposed.

Council Member Newton indicated that when Sheriff Stan Sniff presented budget and contract information to the City several months ago, Sheriff Sniff mentioned a 5-7% increase. Council Member Newton asked if the full 7.5% increase in the Sheriff budget is a fixed negotiated increase with the County Supervisors. In response, Lt. Briddick stated that of the 7.5% increase, 7% is due to contract costs, and 0.5% is due to other additional factors.

Council Member Newton asked about the percentage of citation fees that come back to the City and if that percentage could be applied toward the \$100,000 cost of the traffic enforcement program. In response, City Manager Okoro stated that the estimated revenue for vehicle code fines is \$62,000. Lt. Briddick added that for every citation issued in the City, the City of Norco receives one-third of the base fine of the citation.

Council Member Newton inquired about biohazard clean-up and why the cost is not included in the cost of services provided by the County. Lt. Briddick indicated that biohazard clean-up is contracted out as it is a specialized service. Council Member Newton asked Lt. Briddick to research why biohazard services is not the responsibility of the Fire Department.

In response to Council Member Newton's question about school crossing guards, City Manager Okoro indicated that the school district pays half.

Mayor Higgins inquired about the cost breakdown for the \$149 per hour cost for a Sheriff Patrol Officer. In response, Lt. Briddick indicated that the Patrol Officer rate per hour is \$80.50; the sworn support personnel is \$38.55 per hour; dispatch is \$10.67 per hour; classified support personnel is \$10.21 per hour; and other costs total \$9.36.

Battalion Chief Scott Lane presented brief information for the Fire Department. The FY 2014-2015 amended budget is \$3,459,143 and the FY 2015-2016 preliminary budget is \$3,752,477. FY 2014-2015 estimated expenditures are below the FY 2014-2015 budget due to salary savings and positions budgeted at top step salaries although not all salaries

are paid at top step. FY 2015-2016 budgeted expenditures are \$293,334 or 8.5% higher than the FY 2014-2015 budget due to the anticipated increase in the Fire contract services.

Council Member Azevedo asked if there is a cap in CalFire increases. Battalion Chief Lane indicated he would research it and provide the Council with an answer at a later time.

In response to Council Member Newton, City Manager Okoro stated that the City can receive reimbursement for fire-fighting costs in cases in which an emergency is declared.

Mayor Higgins asked about the cost breakdown for the hourly rate for a fire fighter. Battalion Chief indicated that the cost is not broken down by hour but provided what is included, such as support services (administrative and professional), volunteer paramedic program, fleet support, command center dispatch services, communications and IT support, HAZMAT support, training, public affairs bureau, equipment, and office supplies.

Mayor Higgins requested a breakdown of emergency command center and how it functions, and how to improve on communications.

Ted Hoffman asked about the biohazard clean-up and if it is an annual contract or if it is based on a per incident basis. Lt. Briddick stated it is based on per incident. Lt. Briddick added that the cost of clean-up noted in the budget applies to public and City areas only. The cost of clean-up at a residence is placed on the property owner. Staff will research the cost recovery for incidents on the highway.

Accounting Manager Olivia Hoyt presented brief information for the Fiscal and Support Services Department. FY 2014-2015 amended budget is \$1,317,297 and the FY 2015-2016 preliminary budget is \$1,371,332 for a 4.1% increase. FY 2014-2015 estimated expenditures are below amended budgeted amounts because of vacant positions of the Finance Officer and one Account Clerk. FY 2015-2016 budgeted expenditures are \$54,035 or 4.1% higher than FY 2014-2015 budget partially because of the increase in pension rate. Beginning in FY 2015-2016 CalPERS will collect employer contributions toward the City's unfunded liability as dollar amounts instead of the prior method of a contribution rate.

In response to Council Member Newton, Ms. Hoyt indicated that the \$94,011 noted in the budget presentation notes is the overall CalPERS net increase for the department. The overall employer contribution for the unfunded liability is \$651,359.

City Manager Andy Okoro presented brief information for his department. FY 2014-2015 estimated expenditures are below amended budgeted amounts largely because of savings in contractual and professional services. FY 2015-2016 budgeted expenditures are \$10,485 or 3.5% higher than FY 2014-2015 budget because of the unfunded CalPERS pension rate increase.

City Clerk Chery Link presented brief information for the City Clerk's Department. FY 2014-2015 estimated expenditures are below amended budgeted amounts largely because of savings in full-time salaries and contractual services. FY 2015-2016 budgeted expenditures are \$65,338 or 27% higher than FY 2014-2015 budget because of costs

associated with the November 3, 2015 General Municipal Election and the unfunded CalPERS pension rate increase.

Economic Development Consultant Roger Grody presented brief information for the Economic Development Department. FY 2014-2015 estimated expenditures are below amended budgeted amounts because of deferred Historic Preservation consulting fees and conservative management of marketing resources. FY 2015-2016 budgeted expenditures are \$16,277 or 12.2% lower than FY 2014-2015 budget largely because of lower consulting fees for Historic Preservation and a decrease in capital improvement funding for the Bob and Karlene Allen History Room.

Council Member Newton inquired about funds for marketing and how much is being allocated for Sixth Street as well as for Silverlakes. In response, Mr. Grody stated that the department has a tourism and marketing budget which isn't broken down into specific components but does address new visitors to Silverlakes as well as increased activity at Ingalls Park. Council Member Newton expressed his concern of not enough funding to accomplish the department's goals.

Council Member Azevedo indicated her goal is to see Norco on the national front. Council Member Newton commented on marketing industrial properties. Mr. Grody noted the benefit of attracting tenants that create a point-of-sale on industrial properties.

Council Member Azevedo suggested money in the budget for the International Council of Shopping Centers conference and the local conference in San Diego.

Due to a lack of time to complete the Operating Budget presentations, Mayor Higgins stated that presentations and discussion would continue to another workshop scheduled for Wednesday, May 20, 2015 at 4:00 p.m. in Council Chambers.

2. Public Comments:

None.

ADJOURNMENT

Mayor Higgins adjourned the meeting at 6:00 p.m.

Cheryl L. Link, City Clerk