



**MINUTES**  
**CITY OF NORCO**  
NORCO CITY COUNCIL  
SPECIAL MEETING  
STRATEGIC PLANNING WORKSHOP  
CITY HALL CONFERENCE ROOMS "A" AND "B"  
2870 CLARK AVENUE  
NORCO, CA 92860  
MARCH 23, 2012

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1. Call to Order: Mayor Bash called the meeting to order at 9:00 a.m.
2. Roll Call:  
Mayor Kevin Bash, **Present**  
Mayor Pro Tem Kathy Azevedo, **Present**  
Council Member Berwin Hanna, **Present**  
Council Member Herb Higgins, **Present**  
Council Member Harvey C. Sullivan, **Present**
3. Public Comments: None
4. Introductory Remarks (City Manager)

City Manager Groves introduced the Strategic Planning Workshop stating that "priorities" is the word to keep in mind, noting that the City is at a crossroads at this time. She reviewed the adopted Mission and Vision 2020 Statements previously adopted by the City Council, noting that the mission and vision is the same today.

5. Prioritizing Exercise (City Manager)

City Manager Groves led the Council, staff and the public in attendance through a prioritization exercise. Each individual was given a list of twelve City services, with \$1 million to spend, with the total cost of those services presented exceeding that amount. The results of the priority lists were summarized, with minimal consensus received from each group.

6. General Fund Budget Review (Deputy City Manager/Director of Finance)

Deputy City Manager/Director of Finance Okoro presented an overview of the General Fund Budget including the following information:

- General Fund revenue, expenditures & fund balance trend over the past five years, with the addition of the proposed FY 2012-2013 pre-budget.
- Review of the preliminary "status quo" FY 2012-2013 estimated budget.
- Estimated FY 2012-2013 General Fund revenue and expenditures, resulting in a projected fund balance as of June 30, 2013 of \$713,395.

City Manager Groves and Deputy City Manager/Director of Finance Okoro presented to the Council potential operational impacts from each City department in order to balance the FY 2012-2013 budget. Input from the City Council was received as follows:

**Council Member Sullivan** stated that he would not support staff or Sheriff's Department cuts. He recommended reducing Fire Services by \$1.5 million. City Manager Groves responded that the City would need to determine what level of Fire service they would support.

**Council Member Higgins** stated that it is the responsibility of management to determine what staff level is appropriate for production. He requested a flow chart showing what work each City employee performs before he agrees to any cuts. Council Member Higgins stated that he does not like red ink. He would like to use more volunteers to complete the tasks required to run the City. He added that he has a problem with the City Manager working part-time.

**Council Member Hanna** stated that he does not agree with the employees working part-time. He recommends concessioning out the Ingalls arenas.

**Mayor Pro Tem Azevedo** stated that she would like to see Ingalls Park used as a full-blown economic engine for the City. She cannot imagine cutting staff, adding that the City's Fire Department and Sheriff's Department are aligned with other cities Norco's size, but would consider the Sheriff's locating at Jurupa for the short-term.

#### 7. Strategy Discussion – Fiscal Sustainability by 2017

Over the last five years the City has reduced General Fund expenditures from \$17.1 million in FY 2007-2008 to an estimated \$13 million in FY 2011-2012, representing nearly 25% reduction in total expenditures. The FY 2011-2012 General Fund Budget was essentially balanced, with some expenditure deferrals. Elimination of the Norco CRA added nearly \$1 million of mostly fixed costs to General Fund expenditures and another result was that the City lost a critical source of funding for capital infrastructure replacement and maintenance. This situation presents significant short-term and long-term risks to the City's ability to maintain existing services and achieve fiscal sustainability. The objective is to implement programs by March 31, 2013 to achieve fiscal sustainability for the City of Norco by June 30, 2017. Fiscal sustainability means a balanced General Fund Budget that maintains current service levels and establishes annual set aside of \$1 million for infrastructure funding.

Potential actions were presented that would assist in reducing General Fund expenditures by \$1.1 million. Potential action items include:

- Balance the FY 2012-2013 General Fund Operating Budget using a combination of expenditure reductions, continued expenditure deferrals, and use of available reserves from the Special Asset Revenue Fund.
- Implement Revenue Measure(s) to increase revenue annually by \$2,000,000 through FY 2016-2017.
- Establish an annual General Fund expenditure limit beginning FY 2013-2014 with limited annual increases.
- Establish a Capital Infrastructure Replacement and Maintenance Fund with an annual contribution of \$1 million beginning in FY 2013-2014 from the new Revenue Measure.

## 8. Next Steps

The City Council was asked to provide direction regarding balancing the FY 2012-2013 General Fund Budget. Options provided included:

- Use reserve, including balance in the Special Asset Revenue Fund, to fund structural deficit.
- Implement targeted budget reductions as necessary to balance the budget without using any reserve.
- Implement a combination of expenditure reduction and use of reserves to balance the budget.

Other potential “next steps” include:

- Conduct a Community Workshop before the FY 2012-2013 budget is presented to the City Council.
- Engage a professional firm to study the need for a Revenue Measure and the type of Revenue Measure, if any, which would be appropriate in the City of Norco.
- Adopt a Declaration of Fiscal Emergency if a Revenue Measure is determined by the Council to be an option towards achieving Fiscal Sustainability.

**Mayor Pro Tem Azevedo** commented on her concerns regarding the age of the City’s infrastructure and the need for reserves in case of needed repairs.

**Mayor Bash** stated that a “state of emergency” meeting held would be a means to educate the community. He also stated that he sees opportunity in this challenge.

**Council Member Sullivan** stated that even if the City implements anything, it will take some time, noting his concerns regarding PERS contributions and potential future legal liabilities. He added that the City needs to cut what they can.

**City Manager Groves** stated that there are steps in the process that will need to be followed and noted that this is a compressed timeframe that the Council is facing. She asked if the Council would agree to commit to a community workshop to educate the community.

**Council Member Sullivan** stated that an amount needs to be determined per household that is needed to sustain the City. He added that this will need to be sold to the people that Norco needs help.

**Council Member Higgins** stated that he cannot be convinced to raise taxes until City Hall is first “bare bones”. He added that he is leery of imposing a tax and does not believe that is the answer. He added that whatever caused the problem should be eliminated and if the problem cannot be fixed, then he would consider a tax. Council Member Higgins stated that the problem is “do we provide a service that is acceptable to the community?”

**Mayor Bash** commented on the cost to maintain Ingalls arenas, noting that this needs to be addressed as the City cannot afford it. Following continued comments from the public in attendance and City Council discussion, Mayor Bash stated that he hears consensus from the City Council Members that a community workshop should be conducted in order to educate the community.

9. Adjournment: There being no further business to come before the City Council, Mayor Bash adjourned the meeting at 12:25 p.m.

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BRENDA K. JACOBS, CMC  
CITY CLERK