



MINUTES
CITY OF NORCO
CITY COUNCIL
SPECIAL MEETING
CITY COUNCIL CHAMBERS – 2820 CLARK AVENUE
MAY 16, 2012

1. CALL TO ORDER: Mayor Bash called the special meeting to order at 5:01 p.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 OR QUESTIONS: **NONE**
4. WORKSHOP TO DISCUSS THE FISCAL YEAR 2012-2013 OPERATING BUDGETS.

City Manager Groves and Deputy City Manager/Director of Finance Okoro presented the FY 2012-2013 Operating Budgets for the City Council review and discussion.

City Manager Groves stated that the presentation on the operating budgets is based on the best information available today; the Capital Improvement Program budgets will be presented in two weeks. She noted that with the Redevelopment Agency dissolved it has increased the City's General Fund expenditure creating a shortfall.

Deputy City Manager/Director of Finance Okoro reviewed factors affecting the General Fund and highlighted recommendations to help balance the budget. He reviewed changes that occurred with the budget since the previous workshop as well as changes to help close the gap in the budget's shortfall:

<i>The total available to fund the budget deficit is:</i>	<u>\$1,402,900.00</u>
<i>From the Special Asset Revenue Fund</i>	<i>\$ 500,000.00</i>
<i>From Successor Agency reimbursement</i>	<i>\$ 250,000.00</i>
<i>From job sharing savings</i>	<i>\$ 31,500.00</i>
<i>From overheard charge to Assessment District 193</i>	<i>\$ 69,000.00</i>

Mayor Pro Tem Azevedo noted the importance to sustain Horsetown USA, which may entail looking at some kind of tax next year. She stated that she can support the budget as presented but residents must be brought into the conversation when looking towards the next fiscal year.

Council Member Hanna stated that he does not want to cut public safety and agrees that the public must give their input on potential taxes in the future.

Council Member Sullivan commented on the need to make cuts to fire and sheriff services to pay for the bills. He stated that some type of tax should have been imposed long ago.

Council Member Higgins stated that taxes are inevitable but feels that more cuts can be made. There is a need to educate and get the community involved to show that the City has a problem. He stated that he supports the budget as presented but the minute things turn for the worse something else will have to be done.

Mayor Bash stated that he doesn't like dipping into reserves but the City has a financial problem, adding that cutting staff is not the answer. He noted that residents must have their say as to what they are willing to pay for and what they can do without. He suggested that a committee be created to open discussions on potential taxes for next fiscal year.

City Manager Groves thanked the City Council for their input, adding that the community dialogue has to continue for future resolutions on the City's situation.

Deputy City Manager/Director of Finance Okoro stated that in reality there is no combination of staff reduction, at this point, that would give us a balanced budget. He agreed that to defer payments is not good management; these are liabilities that the City will have to honor and pay at some point. He explained that using the reserves is not always a good idea but there are times they are needed. At one point the City had \$8 million in the General Fund reserves at which time it was appropriate to draw from this fund, adding that staff controlled and reduced its expenditures for the last five years. Deputy City Manager/Director of Finance Okoro further explained that the City is at a point that the reserves left are needed to cushion against cash flows, noting that the City revenues right now are very flat the predictions are that there would be only a 0.09% change in the next year. He stated that all this boils down to is what are the citizens willing to do without and what is the minimum of service they need. He further noted that to maintain the minimum level of services the City has now; staffing must remain at its current level. Deputy City Manager/Director of Finance Okoro stated that significant reductions have been made in the public safety sector; there had been talk about closing one of the fire stations when the City was spending over \$5 million for fire services and today it is about \$3 million which indicates a significant change in the way the City does business. He added that there simply isn't enough revenue to continue to do business as normal, and that is why the City has the structural imbalance which at some point will need to be addressed. He further stated that unfortunately, for this next fiscal year's budget there is not that much that can be done other than what is being recommended to the City Council. He again referenced that there is no combination of reductions to staffing levels that would generate any significant savings, keeping in mind that some of the staff is not only funded by the General Fund, but also by the Water Fund and other funds; noting that if this type of change is made the impact on the General Fund would not be as substantial as one might think.

Deputy City Manager/Director of Finance Okoro reviewed the revenue and expenditures of the remaining fund accounts, Water Fund, Sewer Fund, Gas Tax Fund, and the Redevelopment Obligations Retirement Fund.

5. **ADJOURNMENT:** There being no further business to come before the City Council, Mayor Bash adjourned the special meeting at **6:15 p.m.**

DIANE GERMAIN, DEPUTY CITY CLERK