



**CITY OF CORNING  
SPECIAL COUNCIL MEETING SESSION**

**MONDAY, JANUARY 18, 2016  
CORNING UNION HIGH SCHOOL CAFETERIA  
643 BLACKBURN AVENUE**

The City of Corning welcomes you to our meetings, which are regularly scheduled for the second and fourth Tuesdays of each month. Your participation and interest is encouraged and appreciated.

In compliance with the Americans with Disabilities Act, accommodations will be made available to anyone needing special assistance to attend and/or participate in the meeting. The public should contact the City Clerk's Office at 530/824-7033 to make any such request. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

**This is an Equal Opportunity Program. Discrimination is prohibited by Federal Law. Complaints of discrimination may be filed with the Secretary of Agriculture, Washington, D.C. 20250.**

**A. CALL TO ORDER: 6:00 p.m.**

**B. ROLL CALL:**

**Council:**

**Darlene Dickison  
Dave Linnet  
Tony Cardenas  
Willie Smith  
Gary Strack**

**Mayor:**

**C. PLEDGE OF ALLEGIANCE:**

**D. BUSINESS FROM THE FLOOR:** If there is anyone in the audience wanting to speak on an item not already on tonight's Agenda, please come to the podium, identify yourself and briefly present your information to the Council. If your matter will require more time or formal action by the Council, the law requires that it be placed on the printed Agenda for a future meeting so that interested members of the public will have the chance to appear and speak on the subject.

If an item is already on the agenda, please wait until that item comes up for discussion and then obtain the Mayor's attention so you will be allowed to speak. **A three-minute time limit per person for each item will apply unless the Council makes an exception due to special circumstances.**

**E. REGULAR AGENDA:**

**1. Discussion and Action relating to the General Fund Ad-Hoc Committee Recommendations.**

**H. ADJOURNMENT!:**

**POSTED: WEDNESDAY, JANUARY 13, 2016**

ITEM NO: E-1  
DISCUSSION AND ACTION REGARDING  
BUDGET AD-HOC COMMITTEE  
RECOMMENDATIONS  
JANUARY 18, 2016

**TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS**

**FROM: KRISTINA MILLER, CITY MANAGER**

**SUMMARY:**

The nine member General Fund Ad-Hoc Committee was developed on June 23, 2015 to identify potential cost reductions to balance the General Fund. The General Fund Ad-Hoc Committee consisted of the following members:

**City Council:** Tony Cardenas and Dave Linnet

**Fire Department:** Chief Martin Spannaus, Volunteer Firefighter Bob Hall, and Dispatcher Daymon Schlereth

**Police Department:** Chief Don Atkins, Officer David Pryatel and Dispatcher Ashley Knight

**Public Works Director:** Dawn Grine

**Non-Voting Advisory/Facilitators:** City Manager John Brewer and City Attorney Jody Burgess.

At the December 8, 2015 City Council meeting former City Manager John Brewer presented an informational item regarding the four recommendations by the Ad-Hoc Committee as described below:

- A.** Gather input from the Fire Chief, Police Chief, and Public Works Director regarding how they would modify their budgets to reduce General Fund spending by seven percent (7%).
- B.** Consolidate Dispatch Centers.
- C.** Initiate a ballot measure for supplemental sales taxes or to form a Benefit Assessment District.
- D.** Contract out for police and/or fire dispatch.

At the January 12<sup>th</sup> City Council meeting, I presented updated sales tax information for the 2<sup>nd</sup> and 3<sup>rd</sup> quarter of calendar 2015. Sales tax revenue in the last two years has not outpaced inflation. As a result, the general fund balance for the City declined by \$185,515 to \$1,102,812 at June 30, 2015. It is projected that the general fund balance will decline further by \$565,966 to \$536,846 by June 30, 2016.

To accommodate the reduction in revenue the City implemented the following in the General Fund:

- Not filled vacancies,
- Continued the contract with the Planning Consultant
- Refinanced PERS Side Fund Debt –saves \$50,000 in total per year to general fund and non-general fund.
- Approved a lease with Verizon Wireless for a cell tower in Clark Park –generates \$16,000 per year.

Based on the General Fund revenue update presented at the January 12<sup>th</sup> City Council Meeting, below is an updated discussion and recommendation regarding each option provided by the General Fund Ad-Hoc committee.

**Item 1.A: Gather input from the Fire Chief, Police Chief, and Public Works Director regarding how they would modify their budgets to reduce General Fund spending by seven percent (7%).**

A seven percent (7%) cut will no longer be adequate to cover the City's fiscal year 2015/16 operating loss of \$565,966. An 11.6% cut is now necessary. Since Police, Fire, and Public Works constitute 63%, 14%, and 10% of the General Fund, respectively, it is difficult to reduce costs without affecting essential services, especially since the Fire Department is largely operated by volunteers.

To achieve the 11.6% cut the following budget reductions would be necessary in each general fund department.

- Police Department: A \$312,167 cut will require the possible elimination of three (3) police officer positions, or two (2) police officer positions, an Animal Control Officer/Community Services Officer position, and a dispatcher position, in addition to cuts in "other operating expenses" totaling \$51,655.74.
- Public Works Department (General Fund portion only): To achieve the 7% cut Public Works Director Dawn Grine proposed to reduce City Pool expenditures (by eliminating one day of operation per week and reducing the season by one week, or reducing overtime) by \$17,000, street maintenance by \$18,000, and other minor expenditure cuts. To achieve an 11.6% budget reduction a further reduction in street maintenance would have to occur (this in a City with many streets in need of repair).
- Fire Department: A \$67,500 cut would be necessary, which is an additional \$24,600 more than what was proposed as part of the original 7% reduction. The original 7% reduction proposed by the Fire Department included the Fire Chief taking a 20% furlough. In order to achieve an 11.6% reduction, the Fire Chief would have to take more than the original proposed 20% furlough, which likely would affect his health insurance, vacation, sick leave, and to a lesser degree retirement benefits.
- General City: A \$54,400 cut would be necessary. In addition to the reductions mentioned at the December 8<sup>th</sup> City Council meeting the City would have to reduce or eliminate its contributions to the Chamber of Commerce and to 3CORE.

**Staff Recommendation Item 1.A:**

Staff recommends this option **not** be pursued as it does not achieve long-term financial stability for the City, threatens public safety, further reduces recreational services for residents, foregoes necessary fire equipment maintenance, reduces staffing levels to unacceptable levels, and cuts contributions to the Chamber and 3CORE.

**Item 1.B.: Consolidate Dispatch Centers.**

A proposal to consolidate Police and Fire Dispatch into a single Public Safety Dispatch Center was proposed at the December 8<sup>th</sup> City Council Meeting. A summary of the proposal provided by former City Manager, John Brewer, is provided below:

"The Police Department Dispatch Center has considerably more turnover than the Fire Dispatch Center. There are a number of reasons for that. But, those Police Dispatch vacancies could be used to facilitate the transition to a single Consolidated Dispatch Center. Because it's been recently upgraded, it makes sense for that single Dispatch Center to be at the Police Dept.

**First and foremost, get the Fire Dispatchers qualified and trained to handle Police Dispatch duties. At the same time, provide fire dispatch training to the current Police Dispatchers (emphasis added).** Then, create a single position titled "Emergency Services Dispatcher" (ESD). Provide that title to each Dispatcher as he or she becomes "cross-trained".

When a vacancy at the Police Department Dispatch Center occurs, instead of recruiting from outside the organization, we could move the best qualified ESD from the Fire Dispatch Center to the former Police Dispatch Center. Once the first ESD is hired, the former Police Dispatch Center will be called the Emergency Services Dispatch Center. Then the Fire Dispatch Center would have a vacancy that wouldn't be filled. Instead, the hours and/or days of operation of the Fire Dispatch Center would be reduced proportionately to the reduction in Staff.

As other vacancies occur at the ESO (former "Police Dispatch Center") another ESD's would be moved. That process will continue until the entire Staff at the Fire Department is relocated and reassigned to the ESO. In that manner, **no layoffs would be necessary**. Staff would ultimately be cross-trained and the service would certainly be more cost-effective and efficient. It would likely take many months to complete the transition to a single Dispatch Center. The savings to the General Fund would similarly be postponed.

Once completed, the savings from consolidation could be considerable; amounting to about \$320,000 annually."

While I feel a consolidated Police and Fire Dispatch Center is feasible and retains valued Fire Dispatchers, initial implementation would be challenging, especially without employee buy-in. Each Fire Dispatcher would need to receive POST certification training at a cost of \$3,400 per Dispatcher. The consolidation would also take a few years to take full effect. Due to the budget crisis, the City does not have the time to allow the slow process of the consolidation to take effect. We simply do not have adequate reserves. Further, the City would have to train a back-up person at the Police Department that is always immediately available, in the event the call volume became too cumbersome for one ESD to handle. The City would also have to ensure maintenance to fire equipment is being conducted, which may require a part-time staff person. Overall the annual cost savings would be less than what is needed to resolve the budget deficit.

**Staff Recommendation Item 1.B:**

Staff recommends this option **not** be pursued as implementation would be difficult because the option lacks employee buy-in and does not fully resolve the funding deficit.

**Item 1 C.: Initiate a ballot measure for supplemental sales taxes or to form a Benefit Assessment District.**

The City could pursue a General or Special Sales Tax to resolve its funding deficit and at the same time improve services to the community. There are many differences between a General and Special Sales Tax as highlighted in the table below:

GENERAL SALES TAX MEASURE	SPECIAL SALES TAX MEASURE
<p>Must be put to the electorate by Ordinance, passed by the Council and thereafter, via Resolution, directing the City Clerk to put the General Sales Tax measure on the ballot. The Council must act on a 2/3<sup>rd</sup>'s vote in taking these steps (4 out of the 5 must so vote). The Ordinance must state the type (General or Special), rate, collection method, and date upon which the election will be held.</p>	<p>Same procedure is followed here, but a Special Tax requires that the use of the funds <b><u>must</u></b> be specifically identified in the Ordinance, i.e., Public Safety.</p>

<p>General Tax revenues go into the General Fund and can be spent at the Council's discretion, e.g. streets, infrastructure upgrades, fire, police, and so on.</p>	<p>Special Tax revenues go into the General Fund, but can only be used for the purpose stated, which would be the purpose introduced in the Ordinance, i.e. public safety.</p>
<p>The General Tax becomes effective upon a <b>majority</b> of the voting electorate passing the tax.</p> <p><b>For example, if 100 people voted on the general tax measure only 51 of the voters must agree to pass the general tax.</b></p>	<p>The Special Tax becomes effective upon a <b>supermajority</b> of the voting electorate agreeing to pass the tax. <b>For example, if 100 people voted on the special tax measure, 67 of the voters must agree to pass the special tax.</b></p>

A General Transaction and Use Tax (sales tax) Measure is proposed rather than a Special Tax because a General Sales Tax Measure only requires a simple majority of the electorate voting in an election for passage. A Special Tax requires a 2/3 majority. **In addition to the General Sales Tax Measure, an Advisory Measure is proposed to advise the City Council on how to allocate the funds received.** This approach is similar to the successful Sales Tax Initiative approved by Red Bluff voters at the November 4, 2014 elections. **A General Sales Tax is also advantageous because a large portion of our retail sales tax base is from non-Corning residents (from users of the truck stops).**

Based on current per capita consumption rates, Hinderliter, de Llamas and Associates (HdL) estimate a ½ cent sales tax the first year would generate approximately \$1,000,000, and approximately \$1,115,000 in subsequent years. A ½ cent sales tax is proposed. This would result in the local Sales Tax increasing from 7.5% to 8.0%. Individually a consumer would pay an additional “penny” for every \$2.00 purchase. Statewide Sales Taxes range from 7.5 to 10.0%.

The revenue generated from the ½ cent sales tax could be proposed on the Advisory Measure as follows:

- To support the Fire Department
- To support the Police Department
- To support street improvements throughout the City and infrastructure to support economic development\*
- To support a Recreation Director (position left vacant since 2010)

\*Businesses in the past have been interested in developing on the west side of Interstate 5 along Corning Road and Barham Avenue. The businesses decided not to develop upon discovering they would have to bring sewer and water across Interstate 5. Improvements of water and sewer on the west side of Interstate 5 would increase economic development and subsequent sales tax revenue for the City.

If the Council is interested in initiating a General Sales Tax measure for the June 7<sup>th</sup> Presidential Primary election, it must provide direction to Staff **immediately**. A timeline for implementation is below:

- **January 26, 2016:** Waive the first reading and introduce the Ordinance, review and consider adoption of Resolutions;

- **February 9, 2016:** Second Reading of Ordinance;
- **March 11, 2016:** Absolute County Deadline. All Sales Tax Measure Documents must be delivered to County Elections Department on or before this date.
- **June 7, 2016 Presidential Primary Election**
- **~October 1, 2016 “Operative Date”:** If measure is approved by a majority of voters, first day sales tax is assessed.
- **Late March 2017:** City receives first quarterly ½ cent sales tax payment for the fourth quarter of 2016.

**CITY FISCAL IMPACT:**

There will be a cost associated with the preparation of the tax measure for the June 2016 ballot. Estimated election costs to place the Sales Tax Measure on the ballot are estimated between \$7,000 and \$11,000. The City would not know the actual cost until after the election is conducted. This would further impact the budget for this fiscal year.

**Staff Recommendation Item 1.C:**

Direct Staff and the City Attorney to draft and process the necessary Ordinance and Resolutions to place a ½ cent Sales Tax Initiative on the June 7<sup>th</sup> Presidential Primary ballot to support the Fire Department, Police Department, Street maintenance and Infrastructure to support economic development, and the Recreation Department.

**Item 1.D: Contracting out Police and/or Fire Dispatch.**

Former City Manager John Brewer reported the following cost estimates to contract out for Police and Fire Dispatch Services to the Tehama County Sheriff’s Department and CalFire, respectively:

	<b>Police Dispatch Service Details-TCSO</b>	<b>Annual Cost</b>
Option A	24 hr./day/7 days a week	\$180,697
Option B	12 hr./day/7 days a week	\$120,464
Option C	12 hr./day/5 days a week, 24 hr./day on weekends	\$135,522

  

	<b>Fire Dispatch Service Details-CalFire</b>	<b>Annual Cost</b>
	24 hr./day/7 days a week	\$60,000 to \$65,000

By contracting out Police Dispatch Services the net annual savings would be approximately \$302,000. I have confirmed if Police Dispatch is not operated 24/7, the City must repay the Dispatch Remodel grant funds received in the amount of \$197,989. In Year 1, the annual savings would be \$121,303.

By contracting out Fire Dispatch Services the net savings would be approximately \$289,013, less contract revenue it will no longer receive, for a total of approximately \$258,000.

By contracting out for both Police and Fire Dispatch, Year 1 savings would amount to approximately \$379,000 and each year thereafter approximately \$560,000 (less the cost of Staff to maintain fire equipment and provide customer service/records documentation at the Police Department). This would largely resolve the City’s budget deficit, but would not provide much needed funding for street maintenance, the Recreation Department, and Infrastructure to support economic development. The City would also lose valued employees and local control of services.

**Staff Recommendation Item 1.D:**

- If the City Council provides direction to Staff to initiate a General Sales Tax Measure, Staff recommends the City Council direct Staff to also negotiate an Agreement with CalFire and the Tehama County Sheriff’s Department that can be immediately brought forward in the event the voters do not approve the Sales Tax Measure at the June 7<sup>th</sup> election.
- If the City Council does not approve Items 1.A, 1.B. or 1.C, Staff recommends the City Council approve option 1.D.