Item No.: G-2

CORRECTION

CITY OF CORNING
SPECIAL CLOSED SESSION OF THE CITY COUNCIL
MINUTES
TUESDAY, FEBRUARY 24, 2015
CITY COUNCIL CHAMBERS
794 THIRD STREET

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

B. ROLL CALL:

Council:	**Darlene Dickison**
	Dave Linnet
	Tony Cardenas
	Willie Smith
Mayor:	**Gary Strack**

All members of the City Council were present.

C. PUBLIC COMMENT ON CLOSED SESSION SUBJECTS:

D. ADJOURN TO CLOSED SESSION:

1. **PUBLIC EMPLOYEE APPOINTMENT**
   (Pursuant to California Government Code, Section 54957):
   Title: Public Works Director

2. **CONFERENCE WITH LEGAL COUNSEL ON PENDING LITIGATION**
   (Pursuant to California Government Code, Section 54956.9 (d)(1).
   Shellegarger v. City of Corning, et. al.

E. RECONVENE IN OPEN SESSION AND REPORT ON CLOSED SESSION: 6:33 p.m.

1. Mayor Strack announced that the City will follow the selection process outlined in the City's Personnel Rules & Regulations, Section 6.2c, Promotional Selection Process; and
2. Reported that in reference to item (2), Council gave the City Attorney direction in regards to the pending litigation.

F. ADJOURN: 6:33 p.m.

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Lisa M. Linnet, City Clerk

CITY OF CORNING
CITY COUNCIL MINUTES

TUESDAY, FEBRUARY 24, 2015
CITY COUNCIL CHAMBERS
794 THIRD STREET

A. CALL TO ORDER: 6:30 p.m.

B. ROLL CALL:

Council:	**Darlene Dickison**
	Dave Linnet
	Tony Cardenas
	Willie Smith
Mayor:	**Gary Strack**

All members of the City Council were present.

C. PLEDGE OF ALLEGIANCE: Led by the City Manager.

D. INVOCATION: Led by Councilman Tony Cardenas.

E. PROCLAMATIONS, RECOGNITIONS, APPOINTMENTS, PRESENTATIONS: None.

F. BUSINESS FROM THE FLOOR: None.

G. CONSENT AGENDA: It is recommended that items listed on the Consent Agenda be acted on simultaneously unless a Councilmember or members of the audience request separate discussion and/or action.

1. **Waive reading, except by title, of any Ordinance under consideration at this meeting for either introduction or passage, per Government Code Section 36934.**
2. **Waive the reading and approve the Minutes of the February 10, 2015 City Council Meeting with any necessary corrections.**
3. **February 18, 2015 Claim Warrant - $139,008.05.**
4. **February 18, 2015 Business License Report.**

Councilor Dickison moved to approve Consent Agenda Items 1-4; Councilor Smith seconded the motion. **Ayes: Strack, Dickison, Linnet, Cardenas and Smith. Absent/Oppose/Abstain: None. Motion was approved by a 5-0 vote.**

H. ITEMS REMOVED FROM THE CONSENT AGENDA: None.

I. PUBLIC HEARINGS AND MEETINGS: None.

J. REGULAR AGENDA:

5. **Approve installation of Fire Hydrant service line for the Volunteer Fire Department Training Center.**

Fire Chief Martin Spannaus informed the Council that Public Works has agreed to fund half the costs of the water line and hydrant installation from Fund 346, Water Capital Improvement. The Fire Department will fund the remaining half from their Equipment Fire Capital Improvement Fund.

Councilor Linnet moved to authorize the installation of a water line and fire hydrant to supply water to the Volunteer Fire Department Training Facility on Blackburn Avenue; and authorize use of funds for this project from Fund 346:

- Water Capital Improvement in the amount of $2,475; and
- Account 076-9301-2301, Equipment/Fire Capital Improvement in the amount of $2,475 to purchase materials for the water service.

Councilor Cardenas seconded the motion. **Ayes: Strack, Dickison, Linnet, Cardenas and Smith. Absent/Oppose/Abstain: None. Motion was approved by a 5-0 vote.**

6. Annual Mid-Year Budget Review and General Discussion.

City Manager Brewer presented the Annual Mid-Year Budget Review and General Discussion which relies on information from the fiscal year mid-point of December 31, 2014. He started by providing a recap stating that the 2014-15 projected Budget total revenues were $10,707,174 of which the General Fund Revenues were expected to make up about 42.5% ($4,547,410) of the total revenues. The remaining 57.5% non-discretionary funds ($6,159,764) originate from other sources and must be expended for specific purposes such as: the new Park, Sewer, Water, or Street Maintenance, etc. and the Council has little choice regarding how they are spent.

The 2014-15 projected Budget expenditures totaled $11,683,930 and were split between the various Departments (12.2% General Fund, 12.8% New Park, 14.6% Other, 14.1% Sewer, 23.8% Police, 5.1% Fire, 8.5% Water and 8.9% Streets).

Mr. Brewer explained that General Fund would be the heart of the Mid-Year Budget Review (Council has discretion over how the General Fund revenues are expended). He then explained that the General Fund revenues were projected to be $4,547,410 in this fiscal year. General Fund revenue sources consist of: 59.2% sales tax, 11.2% Vehicle License Fee, 10.7% Property Tax, 6.6% Transient Occupancy Tax and 12.3% from miscellaneous other sources.

He discussed the Budget variations affecting the General Fund for fiscal year 2014-15 such as:

A. Projected Sales Tax Shortfall due to lower fuel costs (fuel sales provide approximately 57% of our total sales tax).
B. Electricity Cost Increases (electricity costs have increased pretty much across the board in all Departments).
C. Transient Occupancy Tax (TOT) Increase (these receipts are up so far this year by about $36,000).
D. Property Tax, Vehicle License Fees (VLF), and other General Fund Revenue sources (such as Building and Plan Check Fees, Franchise Fees from Utility Companies such as Comcast Cable TV, Waste Management and PG&E) are essentially coming in as projected.

Mr. Brewer provided a summation of General Fund Budget variations concluding that adjustments made to date, when weighed against the "Audited General Fund Balance" works out to be a projected deficit of $18,713 at year's end opposed to the $34,503 surplus projected in the 2014-15 Budget. He explained that were it not for the anticipated $100,000 loss to sales tax revenue resulting from lower fuel costs, the projected General Fund balance would be substantially increased by about $47,000 over our budget projection. He then went on to address Utility (Enterprise) Fund Revenues which consists of the Water and Sewer Funds, Department Expenditures to date and Personnel Costs.

In conclusion, Mr. Brewer stated the following:

- The net decrease in the projected General Fund balance (resulting largely from decreased Sales Tax Revenue) means that there will be no surplus funds available for expenditure for FY 2014-15; and
- Staff expects to finish FY 2014-15 with a negative General Fund balance requiring use of some of the City's Operating Reserve (currently $910,000) to balance the General Fund for the year; and
- This is not the time to take on additional programs or personnel. In fact, we should "tighten our belt" (with respect to the General Fund) for the remainder of the fiscal year.

Councilor Cardenas: Confirmed that revenues were $10,707,174 and expenditures were $11,683,930, Council adopted a Budget that was upside down; he was informed yes and provided the explanation of why. He then confirmed the amount of water fees collected to date ($875,728, 67.1% of the total fiscal year budget projection of $1,305,500) stating this is for the first 6 months; for the full year it will be double that.

Mayor Strack stated that we are in more of a wait and see position; and City Manager Brewer stated that Staff will have a clearer picture when we receive the 4rd quarter sales tax report.

K. <u>ITEMS PLACED ON THE AGENDA FROM THE FLOOR</u>: None.

L. COMMUNICATIONS, CORRESPONDENCE AND INFORMATION: None.

M. REPORTS FROM MAYOR AND COUNCIL MEMBERS: City Councilmembers will report on attendance at conferences/meetings reimbursed at City expense (Requirement of Assembly Bill 1234).

Dickison: Reported on her attendance at the Tripartite Board Meeting informing the Council that she was appointed to the Executive Committee which meets one hour before the other meeting. They approved the Community Action Assessment Plan; they present reports on the strategic planning meeting held, the Vita update, and other various reports.

Cardenas: Nothing.

Linnet: Councilor Linnet:

- Thanked Steve Lindeman for filling in as Public Works Supervisor and asked when the Soccer Fields at Lennox Fields will be open; Steve responded 6-8 weeks to allow spraying of weeds and reseeding. Mayor Strack suggested a contacting or scheduling a meeting with the Soccer Group to inform them of the Soccer Field status.
- Thanked the Police, Fire and Public Works Departments for their work on the recent Hazmat Spill. He stated that all Departments worked well together to safely get the spill cleaned up.
- Thanked the Police Department and those from the Probation Department for their assistance with clean-up of the graffiti tagging.
- Reported he was asked today how the City would be required to keep the three lane configuration on Solano St. upon completion of the Streetscape Project before returning to the four lanes explaining that 90% of the Fire Department is against this configuration change because of the traffic. Mayor Strack responded stating Council did leave this as a possible option, and clarified that the City is not changing the width of the pavement area within this section and concluded stating that the length of time would be whatever it takes to confirm that it is not working.

Smith: Announced that the Senior Center is currently reviewing the application received for the vacant Center Manager Position. In the interim Dot Linnet is busy keeping things going. This Wednesday, February 25th a Bingo fundraiser will be held at the Corning VFW Hall. The cost is $5 and it starts between 4:30 and 5:00 p.m.

Strack: Mayor Strack confirmed that City Engineer Ed Anderson is completing Plans for the Streetscape Project. Staff will meet with members from Caltrans next week in Corning to ensure that everything is in order prior to the City Manager and City Engineer hand carrying the Plans to the Division of the State Architect for final approval. Then if approved in time, they will be submitted to the California Transportation Commission in May.

N. ADJOURNMENT!: 7:03 p.m.

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Lisa M. Linnet, City Clerk