

SUSANVILLE CITY COUNCIL
Special Meeting Minutes
April 29, 2020 – 5:30 p.m.

Meeting called to order at 10:00 a.m. by Mayor Schuster.

Roll Call: Thomas Herrera, Quincy McCourt, Brian Moore, Kevin Stafford and Mayor Mendy Schuster.

Staff Present: Mike Wilson, City Administrator; Deborah Savage, Finance Manager; James Moore, Fire Chief; Daniel Gibbs, City Engineer/Acting Public Works Director; and Gwenna MacDonald, City Clerk.

1 APPROVAL OF THE AGENDA:

Motion by Mayor pro tem Moore, second by Councilmember Stafford, to approve the agenda as submitted; motion carried unanimously. Ayes: Moore, Stafford, Herrera, McCourt and Schuster.

2 PUBLIC COMMENT:

Jim Wolcott, Lassen County Fair Manager, requested that something be done to clean up the towing company property that is adjacent to the Fairgrounds.

3 SCHEDULED MATTERS:

3A Budget Workshop: Fiscal Year 2020/2021 Ms. Savage presented a Power Point to provide information to the City Council and Public regarding the proposed Fiscal Year 2020/2021. She reviewed slides related to accounting practices that the City follows, and she explained the basic principle of Fund Accounting including the types of funds including Governmental, Proprietary and Fiduciary Funds and basic accounting terms.

Ms. Savage reviewed a slide relating to the General Fund Revenues, which is projected to be \$5,713,263 for Fiscal Year 2020/2021. The total includes a projected shortfall of \$401,755. The next slides related to Expense Budgeting. She turned the floor over to Chief Jones who reviewed the expenses proposed for the Department. Changes to the future budget included increase in POST reimbursement revenue of \$10,000, an increase to salaries and benefits of \$34,296, increase to CalPERS of \$51,136 and a reduction in operations of \$74,618. There is a possible savings of \$31,698 for the unfilled sergeant position.

Ms. Savage turned the floor over to the Fire Department.

Chief Moore reviewed the proposed budget for the Fire Department, which included an estimated deficit of \$205,711. Chief Moore explained that the budget includes an increase of \$81,900 in salaries and benefits, workers compensation and health insurance, \$24,897 to CalPERS and \$2,242 to operations. There is a potential savings of \$79,586 for an employee on military deployment. Chief Moore stated that 82 percent of the budget for 2020/2021 is salaries and benefits.

Ms. Savage turned the floor over to Mr. Wilson who reviewed the General Fund budget for the Administrative Services Department. Mr. Wilson explained that the proposed budget included a possible deficit of \$227,116. Changes included an increase to the City Administrator salary and benefit of \$25,000, to make the Temporary Parks Employee Permanent for an increase of \$23,000, an increase in revenue of \$47,000 and a possible savings of \$57,414 for the cost allocation and vacancy rate. Ms. Savage reviewed the proposed Cost Allocation Plan percentages for Fiscal Year 2020-2021. She reviewed the CalPERS Pension liability projected from Fiscal Year 2020/2021 to Fiscal Year 2046/2047, and additional General Fund debt

including the City Hall remodel debt service, CalPERS Side Fund refinancing loan and the Community Pool. Ms. Savage concluded the presentation by reviewing a 7-year projection of Revenues and Expenses for the General Fund. The chart illustrated the depletion of the City's cash reserves to an anticipated estimated deficit of \$5,278,201 by Fiscal Year 2026/2027.

Mr. Wilson summarized the presentation by explaining cost savings to personnel which would be realized due to the retirement of key personnel. The option of the General Fund borrowing funds from the Natural Gas Department to make up the deficit has been discussed at length. The advantage is that the City would be borrowing from itself, so all of the interest for the loan would be repaid to the City. There are a variety of options for the City to borrow money, to assess additional costs for health insurance and pension benefits. Mr. Wilson turned the floor over to the City Council for any questions or comments.

Councilmember McCourt thanked staff for the presentation and praised the out-of-the-box solutions. He stated that he supports rewarding the loyalty and hard work of staff, and he thanked Ms. Savage, Mr. Wilson, Chief Jones and Chief Moore for the presentation.

Councilmember Herrera thanked staff for all the hard work that was put into the presentation. He does not want to lose good people, and the City must invest in the people who have invested in the City.

Ms. Savage commented that the City cannot continue to balance the budget on employee cost savings.

Councilmember Stafford stated that the City is going to have to look at cuts and not continue to kick the can down the road.

Mayor pro tem Moore asked Mr. Gibbs if the money was in the Natural Gas budget to loan, and if doing so would hurt the Department.

Mr. Gibbs stated that the Natural Gas Department has adequate reserves, and while he trusts the discretion of the Police and Fire Chief implicitly, there is significant pressure to continue asking for more. He is concerned that this will become the new norm.

Mayor Schuster spoke regarding the benefit of the City borrowing from one fund to another and suggested revisiting the sale of City owned properties.

There was a general discussion regarding staffing levels, possible reduction of natural gas rates for customers, the importance of identifying sustainable revenue sources, consideration to reduce the golf course to 9 holes, a focus on economic development and the reduction in services that would result in cutting staffing levels.

4 ADJOURNMENT:

Motion by Mayor pro tem Moore, second by Councilmember McCourt, to adjourn the meeting; motion carried unanimously. Ayes: Moore, McCourt, Herrera, Stafford and Schuster.

The meeting adjourned at 11:50 a.m.

Respectfully submitted by:

Mendy Schuster, Mayor

Gwenna MacDonald, City Clerk

Approved on: June 17, 2020