

**CITY OF SOUTH GATE
SPECIAL CITY COUNCIL MEETING
MINUTES
TUESDAY, MAY 29, 2018**

CALL TO ORDER Mayor María Belén called a Special City Council meeting to order at 6:31 p.m.

ROLL CALL Gregory Martinez, City Treasurer

PRESENT Mayor María Belén Bernal, Vice Mayor Jorge Morales, Council Member Denise Diaz, Council Member Maria Davila and Council Member Al Rios; City Manager Michael Flad, Special Legal Counsel Jerry Ruiz

ABSENT City Clerk Carmen Avalos and City Attorney Raul Salinas

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BUDGET ADMIN**

The City Council:

- a. Heard a presentation on the proposed Fiscal Year 2018/19 Municipal Budget; and
- b. Heard presentations from the Director of Administrative Services, the City Clerk, and the City Manager on their proposed Fiscal Year 2018/19 departmental budgets; and
- c. Opened the Continued Public Hearing, took public testimony, and continued the Public Hearing to the next meeting.

Greg Martinez, City Treasurer presented an overview of the City Clerk's Office budget for FY 2018/19.

Council Member Davila asked how many passports has been processed since the program was introduced.

Mr. Martinez stated that in 2017/18 the number of passport applications processed is 160.

Council Member Davila asked if the City is receiving any revenue.

Mr. Martinez believed the City is not permitted to receive any revenue.

Mike Flad, City Manager stated that the City is receiving revenue and asked Mr. Acosta if she has the information.

Jackie Acosta, Administrative Services stated that about \$5,000 this year and we are projecting \$7,000 next year in total revenue.

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Mr. Flad asked for the position cost for the hourly part-time.

Mr. Martinez stated salary wage is \$16,284 and including the benefit package would be \$16,520, plus equipment (scanner and omni page software) at \$953.

Council Member Davila asked if the Clerk's Office doesn't have a scanner.

Mr. Martinez stated that the City Clerk's Office has a scanner, but it is used for agendas.

Mayor Bernal stated that this is a presentation and any questions would be asked next week.

Mr. Flad stated that the plan was to meet on June 12th but if Council request's another meeting, we can have another meeting before the 12th. Council can always approve the budget, hold this item or fund this item and we will not expand any dollars until we return to Council with a plan or return with a budget amendment.

Mayor Bernal asked if anyone in the audience wished to speak on this item.

Person in the audience introduced himself to be the City's resource when it comes to evaluating or comparing technologies. He invited Council and City staff to an open house regarding document security.

Having no one else come forward, Mayor Bernal closed the audience portion.

Mayor Bernal stated that after reviewing the proposed budget provided to Council it states a decrease in the proposed budget even though the City Clerk is requesting an additional position. Mayor Bernal asked Ms. Acosta about the decrease.

Ms. Acosta stated that the decrease is in a couple places. There is a little decrease on the first line item salary full-time and the very last item under supplies and services (capital asset & equipment replacement).

Council Member Rios asked if the position the City Clerk is requesting included in the proposed budget.

Ms. Acosta state that it is on the supplemental list. It hasn't been added to the proposed budget until Council approves the request.

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Jackie Acosta, Director of Administrative Services presented an overview of the Administrative Services Department.

Mayor Bernal asked if anyone in the audience wished to speak on this item. Seeing no one step forward; Mayor Bernal closed the audience portion.

Vice Mayor Morales asked about the SCE audit.

Ms. Acosta stated that the City did this about 7 or 8 years ago. SCE reviews the City's utility bills to make certain the City isn't being billed for anything the City isn't using anymore.

Vice Mayor Morales asked if this audit is only for municipal properties and not residential.

Ms. Acosta stated that was correct.

Mayor Bernal asked if the City is hiring an outside audit firm.

Ms. Acosta stated that was correct. An item will be on the 12th or 26th June agenda for Council's consideration. Ms. Acosta is recommending a firm called Utility Cost Management.

Council Member Davila would like to see staff/employees wear name tags.

Mr. Flad stated it will be looked at.

Ms. Acosta stated name tags are provided to employees, but it hasn't been enforced.

Mayor Bernal is recommending staff/employees have generic business cards.

Council Member Rios questioned the significant changes/requests.

Ms. Acosta stated it would be an ongoing affect and Mr. Flad stated that it would come out of the water fund not the general fund.

Council Member Rios questioned the reductions.

Ms. Acosta stated the insurance premiums have gone down a little bit for the liability insurance for the City. A few vacant positions are being budgeted at six months instead of full year. In IT, we had some capital equipment budgeted for this year that was not re-budgeted for next year.

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Mayor Bernal would like to keep the goals that were presented last year and compare to today's goals. Mayor Bernal is concerned the employee handbook and HR policies haven't been completed in a one year period. Mayor Bernal asked who's working on the update.

Ms. Acosta stated that Ms. Cobos worked on it and the draft has been completed. It just needs legal review.

Mayor Bernal asked that copies be provided to Council after it has been completed.

Mayor Bernal asked if the financial policies and procedures are completed.

Ms. Acosta stated that the reserve policy, debt management policy and continuing disclosure policy will be presented to Council in the next couple of meetings.

Mayor Bernal asked that the discretionary amounts where contracts do not need to be brought before Council be added to that list too.

Mr. Flad stated that there is a one page document showing amounts and the City Manager's discretion.

Mayor Bernal questioned the part-time accounting staff.

Ms. Acosta stated that she had budgeted for a full-time secretary position, but decided that a full-time employee is not needed at this time.

Mayor Bernal noticed that HR has had a consultant for some time.

Ms. Acosta stated that the consultant only works when needed on special assignments.

Mayor Bernal questioned the scheduling software. Would this allow employees from off-site clock-in from their phones?

Ms. Acosta stated everything would be done mobile or laptop. There will be no more printed timesheets. Many employees use their personal cell phones and receive an allowance.

Council Member Rios commended Ms. Acosta on her accomplishments on the on-line payments.

Ms. Acosta stated that it has been a huge success.

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Council Member Rios questioned the updated 5-year financial forecast.

Ms. Acosta stated that it was a citywide 5 year forecast and will try to update it this year too.

Mayor Bernal asked if Council ever received the final CAFR.

Ms. Acosta stated Council has not received the final CAFR. It is on the City's website. Council Member Rios received a hard copy because he asked about it.

Mike Flad, City Manager presented an overview of the City Manager's Department which covers the City Council and City Attorney's Office.

Mayor Bernal asked if anyone in the audience wished to speak on this item. Seeing no one step forward; Mayor Bernal closed the audience portion.

Mayor Bernal asked about the main services the City out sources currently. She knows the street sweeping item will be coming before Council.

Mr. Flad stated electric utilities, refuse services, landfill services, fire services, and SEAACA.

Council Member Davila asked if the football games are included in PAC budget.

Mr. Flad stated that the PAC budget is status quo.

Council Member Davila asked how many games were recorded last year.

Mr. Flad will provide that information to Council.

Mayor Bernal informed Council Member Davila that the PAC Members authorized \$64,000 for PAC fund last year and staff is currently proposing \$51,926.

Ms. Acosta presented an overview of the general fund balance.

Mr. Flad explained that the separate funds are for rainy days. In case any facilities need repairs.

Ms. Acosta stated that in FY 17/18 the City received a \$5.1 million from the Azalea project and their proposal for this year is an additional million to the Employee Resource Center, \$2.1 million to the Emergency Reserve,

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\$1 million to start an OPEB Section 115 trust and \$1 million to the Economic Development Revolving Loan Fund and reallocate some of the \$18 million that is unassigned and suggest \$2.9 million to the Emergency Reserve. In total \$5 million would be in the Emergency Reserve, \$6 million in the CalPERS Rate Stabilization account and at the end of June 30, 2018 we will end up about ½ million dollars of revenue over expenditures.

Mr. Flad stated that the \$5.1 million is opened for policy direction from Council and explained staff's recommendation on the allocations.

Mr. Flad asked Ms. Acosta which the irreversible accounts are.

Ms. Acosta stated the OPEB Trust is not reversible. The Emergency Reserve, Employee Resource Center and CalPERS Rate Stabilization are the irreversible accounts.

Ms. Acosta stated that last year's budget was adopted at \$47.9 million in general fund revenues and this year's prediction is \$48.3 million.

Ms. Acosta stated that carry-overs are an accounting/clean-up item that will be going before Council.

Mayor Bernal asked what types of tools we use to keep track of cash flow.

Ms. Acosta responded that it is done internally by looking at what revenues are coming in and what the estimated expenditures are. We do not like to leave too much money in our checking accounts at one time, and when there is additional cash flow it is invested.

Mayor Bernal asked that Ms. Acosta explain what the 2 million in debt services was for and how does that relate to our current liability for pensions.

Ms. Acosta responded that was for our pension obligation bonds that were issued in 2005. These monies were used to pay down a big chunk of the unfunded liability, it didn't pay it off completely and it was all put into the safety account. So at CalPERS we have miscellaneous for all of our general employees and then safety is in their own account which is for all of our sworn officers.

Ms. Acosta introduced Ira Summer, GovInvest who gave the City Council a presentation on CalPERS and the OPEB debit.

Ms. Acosta informed Council that she will be coming back with actual recommendations but with CalPERS we are committed to pay what they

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ask for. If we make a recommendation to you that we want to start a 115 trust and we suggest that we put 1 million dollars in it, we are not committed to that. Once we set up a 115 trust we fund it when we can. Ms. Acosta will present to Council some policy guidelines where we could say every year that our revenue exceeds our expenditures; we will take 50% of that amount and put it in OPEB. We can fund it when the monies are available; it is not a commitment just because we set up the 115 trust.

Mayor Bernal stated that out of the 5 million that is received from the azalea, your recommendation would be to take 1 million for the OPEB trust. Which could be invested in different types of funds and the return would be used to pay off the same.

Ms. Acosta explained that if we invest ourselves we can only earn small interest because we can only put it in government securities but if we put it in an irrevocable 115 trust then it gets invested at higher earnings.

Mayor Bernal asked if out of the unassigned fund balance 6 million for CalPERS stabilization is to have in order to make upfront payments.

Ms. Acosta answered that is completely separate. This would stay as part of our reserves, so that next year if we are looking at a shortfall because our revenues do not meet our expenditures then we have somewhere to draw from to meet that shortfall. We expect that will probably happen next year and possibly the year after until we renegotiate our labor contracts.

Mayor Bernal asked if CalPERS does ask for another 3 million are we prepared for that.

Ms. Acosta explained that we are budgeting each year but it is becoming more than we can cover with our ongoing incoming revenues. So then that is why that amount is set aside specifically in our fund balance. We would still have 9 million dollars in unassigned fund balance set aside.

Mayor Bernal asked if anyone in the audience wishes to speak on this item.

Nick Godoy 8611 San Gabriel Avenue spoke on CalPERS and their policies.

Council Member Rios asked what most entities consider best practices moving forward.

Mr. Flad stated that the best way to handle this is to pay at the front end, but by doing this you are giving up the ability to use those dollars for other

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things. The best practices depends on the organization and have Council decide how much are you willing to sacrifice on the front end by paying on some of these long term debts. On the CalPERS side we will have the option during labor negotiations to have our employees contribute to their retirement as part of the next package.

Ms. Acosta stated that a lot of cities are moving towards employees picking up a little bit of the City's share. The employee's already pay their 8% share and the City pays their 10% or 24% for the police officers but a number of cities are negotiating with their employees to not only pay their 8% but maybe pay a 1 or 2% of the Cities side of the liability and on the OPEB side the best option is to start prefunding and investing with a 115 trust.

Mayor Bernal asked when this item will be back before Council.

Ms. Acosta stated that staff will make a recommendation on what 115 trust to use as we are looking over the different options we have, policy recommendations on how you want to fund and the criteria for you to continue to add money to the trust.

Mr. Flad said that the current recommendation is 1 million dollars.

Ms. Acosta said that staff is asking for Council direction on how we are going to allocate the 5.1 million from the azalea funds and if you approve taking some out of the unassigned fund balance and adding it to the emergency reserves and the CalPERS stabilization. These items will need a decision either tonight or on the 12th. Also, we need to know if we are going to hire and fund three new police officers, one police dispatcher. Do you want to fund the one clerical assistant that the City Clerk is requesting and the forklift that we need to replace in the purchasing area?

Mayor Bernal asked that in the current budget we had allocated some monies for street closures and that is still something that she wants to see. Something along the line of National Night Out and would like to continue at least four of those events a year.

City Treasurer Greg Martinez responded that just this year Tweedy Mile alone has done, the Street Fair, the Posada and we have included the Dia De Los Muertos.

Mr. Flad stated that money was appropriated but not spent.

Ms. Acosta said that we put that money in the Non-departmental account and it was \$20,000 and it has not been spent.

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Mayor Bernal inquired about that expenditure.

Ms. Acosta responded that it goes back into the fund balance, although it can be carried over with the June 2018 carryovers.

Mayor Bernal asked in regards to staff time can we commit to doing this. She noted that the money had been set aside, yet it did not occur.

Mr. Flad stated that what might help is if we get more specific direction and sit with the Mayor to get more information on the types of events.

Mayor Bernal said that she is thinking of events in the different areas of the City something like a neighborhood event with the schools and local businesses.

Mr. Flad stated that we can make this happen.

City Treasurer Martinez said that maybe we can partner with Tweedy Mile or Chamber of Commerce as to not put the impact on staff.

Mayor Bernal stated that would be fine as long as we had staff as the liaison for the events.

Mr. Flad stated that through the budget process I believe we have approval on the police officers, and forklifts.

Mayor Bernal is fine with incorporating everything into the budget and then we can review the final numbers. She then asked Ms. Acosta what she means by the next project she wants to work on is classifications.

Ms. Acosta responded that as part of the overall study we have looked at and basically rewritten every single job spec. Our job specs are very old and out dated. They do not have ADHD requirements and also people's jobs have changed. We have between 100 and 120 different classifications and we have rewritten each of these to come before Council for approval.

Mayor Bernal asked why the classification number for the City Clerk has changed.

Ms. Acosta explained that it means that she is an elected official. In years past the City Clerk had been classified similar to the directors, so the number that was assigned to her is what we called top management but truly she is an elected official. Basically, we just changed the coding the way it is set up in payroll.

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Mayor Bernal asked about the code for City Council.

Ms. Acosta explained that in the payroll system Council does have a code. She was not sure why it was not on the spreadsheet but there is a code.

Mayor Bernal asked if this changed the access to benefits and asked to have a side conversation on the matter. She was on the committee along with Council Member Davila to understand and define that role a little bit more. Obviously, it is an elected position and is also considered to be a full time position so she expressed her interest at that point solidifying what is this going to be because no matter who holds the position it could be switched around and it is going to be up to the City Manager at the time or not and she personally doesn't want that. She would rather have a solidified position.

Mr. Flad said that the Clerk is elected independently and does not report to the Council and she does not report to the City Manager. She is elected independently yet you control the budget. So what value is a clerk if you eliminate her entire budget? The electorate wants an independent elected to run the elections that is not beholden to Council or to a bureaucrat so that independence is what he feels is the higher value versus all these little internal problems that we need to work out. There is often the debate should it be an appointed position, should it report to the City Manager or the City Council and he thinks independence always wins out. In terms of how you classify it as some of her benefits are structured as she is an executive yet she is truly an independent elected official.

Ms. Acosta said that a couple of months ago we did solidify the position when you gave the increase as Ms. Acosta prepared for you an actual document that was a salary and benefits for the City Clerk which was adopted as part of the resolution where it clearly says salary, health insurance, car allowance and details all of the benefits.

Council Member Rios and Mayor Belen asked about the possibility of having a fiscal impact committee and the possibility of having meetings throughout the year to review the budget and not just during the budget process.

Ms. Acosta responded that all Cities do it a little different. Some have a sub-committee of the Council that would work with the Director of Finance and the City Treasurer. Some Cities have appointments from the public, just like a Planning Commission.

Council Member Davila stated that she is in support of the additional staff for the Police Department and does not mind including the hourly City Clerk's Office position but would like to see a sign in list of the

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people that come in and ask for information and also a sign in sheet or a quarterly update on how many passports are being processed. There are other pilot projects that the City Clerk is looking into also. She has three full time employees and she does not want to see something coming back later on making it a full-time, part-time is fine. She is also willing to approve the forklift.

Mayor Bernal suggested that the Director of Community Development look at the possibility of hiring another staff member to assist with the counter.

City Treasurer Martinez stated that his personal experience while sharing an office at the City Clerk's finds that a majority of the residents come through these doors because parking is over here and finds the first door they see is Carmen's. He agrees that having a sign in sheet quantifies how many people come in but the challenge becomes when the person comes in and wants to know where to pay a ticket but wait you have to sign here before I give you any information.

Council Member Davila clarified that she is only requesting information on passports.

Mr. Flad stated that at this point we will add to the budget these items and then again on the 12th the Council is free to change or allocate whichever items you choose.

2 CITY COUNCIL

The City Council considered discussing and providing input on the following strategic planning topics:

- a. City Council expectations of staff;
- b. How the City Council works together; and
- c. City Council goals for Fiscal Year 2018/19.

Item 2 was continued to the City Council Meeting of June 12, 2018.

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ADJOURNMENT

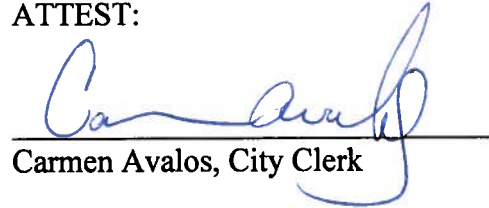
Mayor Bernal unanimously adjourned the meeting at 9:26 p.m. and seconded by Council Member Rios.

PASSED and **APPROVED** this 14th day of August, 2018.



María Belén Bernal, Mayor

ATTEST:



Carmen Avalos, City Clerk