

January 19, 2010

CITY OF RANCHO CUCAMONGA
CITY COUNCIL MINUTES
REDEVELOPMENT AGENCY MINUTES
FIRE PROTECTION DISTRICT MINUTES

SPECIAL MEETING

A. CALL TO ORDER

A special meeting of the Rancho Cucamonga City Council, Redevelopment Agency and Fire Protection District was held on Tuesday, January 19, 2010, in the Tri-Communities Room at the Civic Center located at 10500 Civic Center Drive, Rancho Cucamonga, California. Mayor/Chairman/President Donald J. Kurth called the meeting to order at 6:00 p.m.

Present were Councilmembers/Agencymembers/Boardmembers: Rex Gutierrez, Sam Spagnolo, Diane Williams, Mayor Pro Tem/Vice Chairman/Vice President L. Dennis Michael and Mayor/Chairman/President Donald J. Kurth.

Also present were: Jack Lam, City Manager/Executive Director; John Gillison, Assistant City Manager; Linda D. Daniels, Deputy City Manager; Tamara Layne, Finance Director; James Troyer, Planning Director; Mark Steuer, Director Engineering Services/City Engineer; Kevin McArdle, Community Services Director; Trang Huynh, Building and Safety Official; Robert Karatsu, Library Director; Bill Wittkopf, Public Works Director; Chief Joe Cusimano, Rancho Cucamonga Police Department; Chief Mike Bell, Rancho Cucamonga Fire Protection District; Joe Pulcinella, Animal Services Director; and Debra L. McNay, Assistant City Clerk/Records Manager.

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B. PUBLIC COMMUNICATIONS

No communication was made from the public.

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C. ITEMS FOR DISCUSSION

1. DISCUSSION OF 2009-10 MID YEAR FINANCIAL STATUS

A PowerPoint presentation was presented by Jack Lam, City Manager. Information shared with the City Council included a budget overview and a comparison of the Fire District, Library and General Fund Operating Budgets. The City Manager noted the general service impacts to date (including staff decline of 59 FTE, which results in greater inconveniences for internal and external customers, delays in internal service functions and staff straining to perform multiple jobs.) He also discussed the General Fund revenue and expenditure challenges as well as the challenges in the Library and Fire District budgets.

The City Manager focused on the General Fund as General Fund revenues provide the foundation for supporting a majority of operational costs for most of the public services provided to the community. It was noted that there are seven key revenue sources for the City's operating or general fund. He discussed each revenue source in detail. Revenue from sales tax has declined \$5,305,970 or 18.5% in the last two years. In the 2nd and 3rd quarters of 2009, sales tax declined by 16.4% and 14.81% compared to the City's projection of a 5.2% decline. The City Manager projected a General Fund revenue loss of \$1,003,100 though the City does not have the 4th quarter sales tax figure yet. He also explained the triple flip scenario and stated that triple flip revenue is also down \$743,000.

Revenue from property tax was discussed. The term, "Property Tax" is now a combination of original property tax plus "In-Lieu of VLF" revenues. The City Manager reported that property tax revenues are projected to be down approximately \$195,330 or 1% from the budgeted amount. Based on mid-year receipts, Vehicle License Fee revenues are expected to end the year in line with budgeted amount of \$459,380.

Development fees were also discussed. The City Manager reported that Building Permits are projected to end the year up approximately \$99,150 or 11.1% from the budgeted amount of \$890,850. Based on mid-year receipts, Plan Check Fees revenue is estimated to reach their budgeted amount of \$900,050, Planning Fees are estimated to end the year down approximately \$133,740 or 26.7% from the budgeted amount of \$500,000 and Engineering Fees are estimated to reach their budgeted amount of \$520,000. Business License revenues are estimated to end the year up approximately \$88,000 or 4.3% from the budgeted amount of \$2,027,980 and Transient Occupancy Tax revenues are estimated to end the year down approximately \$377,560 or 19.1% from the budgeted amount of \$1,971,760.

The City Manager reported that Franchise fees receipts are estimated to end the year down approximately \$985,860 or 14.1% from the budgeted amount of \$7,005,160. Most of the revenue decline was due to the Reliant Plant reducing output. Several charts were displayed showing the decline in General Fund revenue sources and the sales tax growth versus the unemployment rate. As of November, 2009 unemployment in the City was 9.1% as compared to 13.8% in the County and 10% nationwide. Charts were also displayed showing the General Fund budget reduction/revenue decline trend as well as the Fire General Fund budget reduction/revenue decline trend. Regarding the General Fund, the City Manager projected a revenue/budget gap of \$3.6 Million by the end of the fiscal year.

In closing, the City Manager requested authorization to work with departments to trim the projected budget gap by approximately one-third without elimination of programs. A report would be sent back to the City Council in 30 days. The City Manager indicated that he would review the 4th quarter sales tax figures when received to determine any additional actions necessary related to programs, unless the State takes any immediate adverse action before then. Lastly, the City Manager indicated that staff would continue to prevent any additional operating costs where possible. Also discussed were future triggers for additional deficit mitigation measures, including actions by the State to raid local government revenues, the possibility of continued sales tax declines in the 4th quarter of 2009 and early 2010, double dip recession or additional property tax declines. If any of these trigger points were reached, the City Manager noted that the City Council would need to discuss reductions in service levels.

In response to the Mayor, the City Manager reported that no permanent employees have been laid off. He addressed measures that have been taken so far in order to reach the decline of 59 FTE. The City Manager noted a General Fund reserve balance of approximately \$14 Million and indicated that his goal would be to try to reach a revenue/budget gap of \$1 Million by the end of the fiscal year with efforts to eliminating the remaining gap during the next fiscal year. He noted the general service impacts made to date and indicated that all Departments are straining to try to bridge this gap. A recent example of this commitment is the decision to not fill the vacant Deputy City Manager position at this time. The City Manager stated the goal to not lay off permanent employees but noted that there is no guarantee after this point that reductions in service levels may become necessary if one of the trigger points is reached.

In response to Councilmember Williams, the City Manager addressed how specific assignments are absorbed during the attrition management process, specifically with the recent decision not to fill the vacant Deputy City Manager position. Councilmember Gutierrez thanked staff for the sacrifices made to date. He noted that the City is doing better than many cities during this economic crisis but is still impacted.

Mayor Pro Tem Michael concurred with the need to report back to the City Council periodically on the City's financial status. He noted that this City started an attrition management program in 2007 and applauded the decision not to fill the Deputy City Manager position at this time. Mayor Pro Tem Michael was appreciative of the timing of the review as it allowed more time to address the situation. He hoped that this next fiscal year will be the last year of declining sales tax revenue in the City.

Councilmember Spagnolo commended all Departments for their commitment in maintaining service levels in the face of departmental cuts.

MOTION: Moved by Michael, seconded by Williams, to approve the recommended next steps and trigger points as outlined by the City Manager. Motion carried 5-0.

Mayor Pro Tem Michael noted the need to support all the veterans and the existing veteran's memorials in the City. As guidance for the work program for fiscal year 2010-11, he suggested that staff explore a partnership with the VFW to determine the viability of placing another memorial in the City. The staff could work with the Parks and Recreation Commission to develop alternatives. In response, Councilmember Spagnolo agreed that people should not discount the memorials currently located in the City and suggested that this effort supplement them. Due to the update that was just provided to the Council, Councilmember Spagnolo noted that any memorial should be a result of a community fundraising effort and not the use of City funds. Discussion was held.

Councilmember Williams noted the design of Central Park in the 1980s contained the concept of a veteran's memorial. In response, the City Manager commented that the State has taken funds for that project. Councilmember Gutierrez expressed his support and recognized the challenges involved as the economy has been hard in the private sector as well. Mayor Kurth noted that a public-private partnership was a great idea due to the great pride the community has for our veterans.

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E. ADJOURNMENT

The meeting adjourned at 6:50 p.m.

Respectfully submitted,

Debra L. McNay, MMC
Assistant City Clerk/Records Manager

Approved: February 3, 2010