

CITY COUNCIL MINUTES

January 26, 2009

Mayor Cannella called the January 12, 2009 City Council meeting to order at 7:00 p.m. with the following in attendance:

ROLL CALL Council Members Durossette, Lane, Ochoa, Vierra, Mayor Cannella

INVOCATION by Pastor Mark Whitehead, Victory Assembly of God.

PLEDGE OF ALLEGIANCE to the flag led by Mayor Cannella.

PRESENTATIONS

A. Report by Ceres Youth Commission.

Christian Ochoa and Mariya Kondratyuk, Youth Commissioners, reported on the recent activities and upcoming events of the Ceres Youth Commission including the 2nd annual Dodge Ball tournament, Tuolumne River clean up and the Cram the Sam project.

B. Introduction of Glenn Gebhardt, City Engineer.

Community Development Director, Ken Craig, introduced Glenn Gebhardt, the new City Engineer and thanked Michael Brinton who has been serving as the Interim City Engineer for the past year. Mr. Gebhardt thanked Council for the opportunity and looked forward to the upcoming projects.

CITIZEN COMMUNICATIONS

Len Shepherd, resident, commented that it was nice to see so many people in attendance. He also thanked the Department of Public Safety for their continued hard work.

APPROVAL OF AGENDA AS POSTED (OR AMENDED) AND CERTIFICATION OF POSTING

MOTION: Approve the Agenda as posted and certification of posting.

MOVED: Moved by Lane/seconded by Vierra

VOTE: Motion passed unanimously (5/0)

APPOINTMENTS TO BOARDS/COMMISSIONS – None.

CONFLICT OF INTEREST DECLARATION – None.

CONSENT CALENDAR

1. General Correspondence – **Information Only**

- a. Administrative Services Dept. Monthly Report for December, 2008.
- b. Grant report for quarter ending December, 2008.
- c. Application to the Office of Traffic Safety for regional EMS grant.
- d. Public Works Department Monthly Report for December, 2008.
- e. Application to the Office of Traffic Safety for a FY 2010 Selective Traffic Enforcement Program (STEP) Grant.

2. Register of Audited Demands dated for period covering December 19-23, 2008 and Jan 6 – 9, 2009.
3. **Resolution No. 2009-05** authorizing the destruction of certain grant records.
4. **Resolution No. 2009-06** approving sponsorship of the San Joaquin Valley Air Pollution Control District 2009 “Clean Green Yard Machines” program. **Pulled for further discussion.**
5. Waiver of 2nd reading and adoption of **Ordinance No. 2009-991**, designating the Clinton Whitmore Mansion, located at 2732 Fifth Street, Ceres, California, as a historical landmark.
6. **Resolution No. 2009-07** approving Amendment No. 3 to the agreement for Professional Consultant Services with JES Engineering and amending the FY 2008/09 Budget to appropriate funds. **Pulled for further discussion.**

MOTION: Approve Consent Calendar Items 1a-e, 2, 3 and 5

MOVED: Moved by Lane/seconded by Vierra

VOTE: **Motion passed unanimously (5/0)**

CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR

4. **Resolution No. 2009-06** approving sponsorship of the San Joaquin Valley Air Pollution Control District 2009 “Clean Green Yard Machines” program.

Len Shepherd, resident, asked for clarification on the program.

Staff responded that the program is one of the promotional events of Healthy Air Living, the agency’s year-round program designed to encourage residents to consider air-quality in their daily life. Through this program, residents can trade-in their old gas mowers for an electric lawn mower. All residents of Ceres are eligible for the program.

MOTION: Approve **Resolution No. 2009-06** approving sponsorship of the San Joaquin Valley Air Pollution Control District 2009 “Clean Green Yard Machines” program.

MOVED: Moved by Vierra/seconded by Ochoa

VOTE: **Motion passed unanimously (5/0)**

6. **Resolution No. 2009-07** approving Amendment No. 3 to the agreement for Professional Consultant Services with JES Engineering and amending the FY 2009/09 Budget to appropriate funds.

Council requested that the Resolution and Contract be amended to from 6 months to 30 days at which time Council will reassess the need for additional consultant services.

MOTION: Modify from 6 months to 30 days **Resolution No. 2009-06** approving Amendment No. 3 to the agreement for Professional Consultant Services with JES Engineering. Pro-rate the contract amount and amending the FY 2009/09 Budget to appropriate funds.

MOVED: Moved by Durossette/seconded by Lane

VOTE: **Motion passed unanimously (5/0)**

UNFINISHED BUSINESS – None.

PUBLIC HEARING

7. Protest Hearing – **Resolution 2009-08** Increasing the Water & Sewer Rates for the City of Ceres.

Mike Lyons, City Attorney, gave a brief overview of the steps taken by Council and City Staff to evaluate the adequacy of the current water and sewer rates.

At the October 9, 2008 Study Session draft sewer and water rate studies were presented. The studies showed that the City's current rates are insufficient to cover the cost of operations, maintenance and improvement of our utility systems. The cause of these deficiencies are primarily due to increasingly stricter State standards, continued degradation of our ground water supply, increasing costs from the cities of Modesto and Turlock for wastewater treatment and disposal, the City's past tendency to defer maintenance and to maintain the systems growing operating requirements and not adjusting the rates to keep pace with the annual cost increases. At a minimum the increase is necessary to bring revenues in line with current expenditures.

Council held another public Study Session on November 5, 2008 to discuss the appropriate rate increases necessary to fund the reasonable cost to correct existing deficiencies and to fund ongoing and projected cost of operations and maintenance of the City's utility systems.

Water and sewer charges are considered property related fees which are subject to the requirements of Proposition 218 if the rates are increased. However, for water and sewer rate increases, Proposition 218 does not require a formal election to approve the new rates. Instead a "protest procedure" is authorized. Under this procedure, if a majority of the affected parcels file written protests to the rate increase, the City may not impose the increased rates. A majority protest exists if more than 50% of all affected parcels file valid written protests. The City's Department of Administrative Services determined that the total number of parcels affected by the proposed rate increases is 12,648 for water and 12,716 for sewer. A majority protest would require 6,325 for water and 6,359 for sewer.

On December 10, 2008, a written notice of the proposed rate increase was mailed to all rate payers at the address to which the City customarily mails the billing statement for such fees and to all affected property owners at their address as shown on the last equalized assessment roll.

7:34 p.m. The protest Hearing was opened.

Those speaking in opposition of the water and sewer rate increase:

- Carla Doane, resident
- Scott Kane, resident
- John Butler, resident
- Len Shepherd, resident
- Mike Richards, resident
- Shirley Mann, resident
- Robert Hall, resident

Scott Kane, owner of Las Casitas Mobile Home Park stated that he felt the sewer rate increase was high and asked how the sewer rate was derived. He further asked about the possibility of his business being placed on metered sewer service. He would also like to have a separate water line for landscaping.

Neil Caldwell, representing ECO:LOGIC, explained to Council how the Sewer Rate was derived.

8:08 p.m. There being no one else wishing to speak, the protest hearing was closed.

Mayor Cannella asked the City Clerk if she had calculated the number of protest received both prior to and during the protest hearing and if the City had received a majority protest.

City Clerk responded: "The total number of protests received against the proposed increase of water rate is 136 of which 67 had been verified, the remainder were received during the meeting. The total number of protests received against the proposed sewer rate is 119 of which 50 had been verified, the remainder were received during the meeting. The protests received do not constitute a majority protest of the proposed increase in either water or sewer rates."

Council requested that Staff explain the City's Hardship Program for qualified rate payers.

Suzanne Dean, Finance Manager, explained that the City did have a hardship program which offers discounted rates for qualified water and sewer customer. Through the program customers pay approximately 65% of the normal rates.

Council expressed their concern for the increase in the water and sewer rates but explained that the City was operating at about a \$2 million dollar deficit per year in sewer and water. The rate increase is essential to insure that the City can continue to provide adequate water and sewer services required to meet minimum state health and safety regulations and requirements.

MOTION: Approve **Resolution 2009-08** Increasing the Water & Sewer Rates for the City of Ceres.

MOVED: Moved by Lane/seconded by Vierra

VOTE: **Motion passed unanimously (5/0)**

8:12 p.m. - Council Recesses for a short break.

8:18 p.m. – Council reconvened in open session.

NEW BUSINESS

8. **Resolution No. 2009-XXX** approving an agreement for professional consultant services with RBF Consulting to perform professional planning services relating to the 2009 Update of the Housing Element of the General Plan.

Barry Siebe, Planning Manager, explained that the staff initiated an RFP for the development of the 2009 Housing Element of the General Plan which is required by State Law. After reviewing the six proposals received and interviewing the four firms that most closely fit the requirements of the proposal, staff concluded that RBF Consulting was best suited to provide these services to the City.

Council discussed the urgency of the project and the current status of the City's Budget. They felt it would be prudent to continue this item for 30 days so they could better assess staff availability and make sure that the project is critical.

MOTION: Continue Item 8 to the meeting of February 23, 2009.

MOVED: Moved by Vierra/seconded by Durossette

VOTE: **Motion passed unanimously (5/0)**

9. Council approval or denial of Construction Administration Contract Amendment request by RRM Design Group for the Ceres Community Center.

Kenneth Craig, Community Development Director introduced the item. Mr. Craig highlighted three tasks for which RRM Design is requesting additional funds:

Task F: \$9,000 requested for additional meetings attended by RRM

Task G: \$9,050 requested for additional time spent addressing items that resulted from errors made by the Stanislaus County Building Department.

Task H: \$3,650 miscellaneous services performed that were not in the original scope of work.

Mr. Craig further stated that Staff does not feel that the requests are justified. All work outlined in the consultant's requests are either clearly within the Scope of Services, should have been anticipated and/or are compensation after-the-fact.

Tim Reilly, representing RRM Design, addressed Council and outlined the reasons he felt RRM should be reimbursed for the additional expenses they incurred.

After some discussion, Council concluded that there was a lack of communication on the part of the City Staff and RRM. Council made the following motion:

MOTION: Approve Task F for time and materials not to exceed \$6,000; Approve Task G for time and materials not to exceed \$9,050; Do Not approve Task H

MOVED: Moved by Durossette/seconded by Vierra

VOTE: **Motion passed with Councilmember Ochoa voting No. (4/1)**

COUNCILMEMBER REFERRALS - None

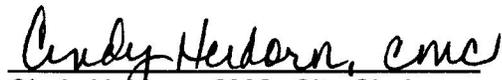
REPORTS

Council and staff had no reports. County Supervisor, Jim DeMartini, reported on the current economic status of the County.

There being no further business, Mayor Cannella adjourned the meeting at 9:47 p.m.



Anthony Cannella, Mayor



Cindy Heidorn, CMC, City Clerk

CITY COUNCIL STUDY SESSION

MINUTES

January 26, 2009

5:05 p.m. Mayor Cannella called the Study Session to order with the following in attendance:

ROLL CALL: Council Members Durossette, Lane, Ochoa, Vierra, Mayor Cannella

1. Mid Year Budget Review.

Sarah Ragsdale, Administrative Services Director, presented the mid-year budget review to the Council. Among the challenges the City is facing during this economic hardship is a 6% drop in revenues due to additional decreases in property tax and decreases in sales tax revenue. Ms. Ragsdale outline the predict budget shortfalls for the next 5 years. In order to keep our Reserves at 35% the City will have to reduce expenditures by \$4 million dollars over the next three years which equates to 30% of the General Fund. Ms. Ragsdale also stated that the numbers do not include the Animal Shelter or the Community Center.

Staff recommended the following options to help mitigate the deficit and minimize the impact on Ceres residents:

Immediate Actions

- Continue the hiring freeze for all positions except sworn public safety positions and positions deemed by the City Manager to be critical.
- Send out letter to all employees informing them of the budget challenges and solicit cost savings ideas.
- Require all new purchases of any item which costs \$500.00 or more be reviewed and approved by the City Manager.
- Freeze training and travel.
- Review the use of City credit cards and reduce the number of cards issued.
- Conduct a thorough re-evaluation of departmental budgets and determine if any additional non-personnel expenditures may be eliminated.

Near Term Actions (30 – 60 days)

- Develop Staffing Reduction Plans.
- Reduce temporary employee staffing and use of consultant staff that rely on General Fund funding.
- Review the way various services are provided and focus on alternative methods for providing services.
- Transform the existing voluntary 9-80 work schedule to a mandatory 9-80 schedule and close City Hall one day bi-weekly.
- Examine the City's fee structure looking for new fees or fees which need to be updated to cover costs.
- Investigate opportunities for sole-sourcing office supplies, furniture, and uniform rentals to obtain best pricing.

Longer Term Actions

- If necessary, renegotiate planned future COLAs as an alternative to imposing further staffing reductions.
- If necessary, renegotiate health plan cash payouts to employees from the current rate of 90%.

Council Recommendation

Council directed staff to move forward implementing the Immediate Actions as recommended; return with an updated budget including Animal Control and the Community Center and Form an Ad hoc Budget Committee to discuss further, longer term reductions.

6:30 p.m. Mayor Cannella adjourned the Study Session to the Regular City Council meeting to be held at 7:00 p.m., in the City Council Chambers, 2210 Magnolia Street.



Anthony Cannella Mayor



Cindy Heidorn, CMC
City Clerk