



**MINUTES**  
**REGULAR MEETING OF THE CITY COUNCIL**

**CITY OF CERES, CALIFORNIA**  
**City Council Chambers, 2701 Fourth Street**

**Monday, May 23, 2016 – 5:00 p.m.**

Mailing Address: Ceres City Hall, 2720 Second Street, Ceres, CA 95307-3292  
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**CALL TO ORDER**

The City Council of the City of Ceres met at 5:00 p.m. in City Council Chambers, with Mayor Vierra presiding.

**ROLL CALL - Present**

Mayor: Vierra  
Vice Mayor: Kline  
Council Members: Lane, Ryno

Absent: Council Member Durossette

**INVOCATION**

Invocation was given by Jeff Hilbert of Believers Family Church.

**PLEDGE OF ALLEGIANCE**

Pledge of Allegiance was led by Mayor Vierra.

**PRESENTATIONS**

None.

**CITIZEN COMMUNICATIONS** to the Council on matters not included on the agenda (five minutes).

None.

**APPOINTMENTS TO BOARDS/COMMISSIONS**

None.

**CONFLICT OF INTEREST DECLARATION**

No conflicts declared.

**CONSENT CALENDAR**

All matters listed on the consent calendar are considered routine in nature and will be enacted by a single motion unless otherwise requested by an individual Council Member or public for special consideration. Otherwise the recommendation of staff will be accepted and acted upon by roll call vote.

1. Clerks Report of Posting. The agenda of the regular May 23, 2016, City Council meeting was posted on May 18, 2016. (Nayares-Perez)
2. Waive Readings. All Readings of Ordinances and resolutions are waived, except by title. (Nayares-Perez)
3. Approval of Minutes (Nayares-Perez)
  - a. Minutes of the May 9, 2016 Regular City Council meeting.
4. Register of Audited Demands for Period covering May 4, 2016 through May 11, 2016. (Dean)
5. **Resolution No. 2016-049**, approving a Memorandum of Understanding (MOU) for Student Placements in Applied Settings with California State University, Stanislaus and authorize the City Manager to execute the agreement; and **Resolution 2016-050**, Electing to Provide Workers' Compensation Coverage for Student Interns. (Jordan & Hallam)
6. **Resolution No. 2016-051**, authorizing the Submittal of an Application for Payment Programs and Related Authorizations from the Department of Resources Recycling and Recovery. (Jordan)
7. **Resolution No. 2016-052**, approving the Investment Resolution for the City of Ceres. (Dean)
8. **Resolution No. 2016-053**, authorizing the City Manager to execute the Consultant Agreement Amendment No. 8 with NV5 for the Service/Mitchell Interchange Plans, Specifications and Estimates. (Jordan)
9. **Resolution No. 2016-054**, approval of Continued Participation in the County-Wide Fire Investigation Unit (FIU), Continued Assignment of Fire Captain and Staffing to Backfill the Position. (Nicholes)
10. **Resolution No. 2016-055**, approving the City of Ceres Transportation Development Act Claim for transit purposes for FY 2016/17, authorizing the City Engineer to sign and submit the claim to the Stanislaus Council of Governments; and authorizing the Engineering Services Department to develop alternative service plans for the City's transit system, obtain public input on the alternatives and return to Council for further consideration. (Jordan)

Mayor Vierra asked if any Council Member or citizen would like an item pulled from the Consent Calendar and be heard under separate motion.

**MOTION:** Motion by Council Member Lane, seconded by Council Member Kline, approving the Consent Calendar items as presented. **Motion passes 4/0/1** by the following roll call vote:

AYES:	4	Council Members: Lane, Kline, Ryno, Mayor Vierra
NOES:	0	Council Members: None
ABSENT:	1	Council Member: Durossette

#### CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR

No items for considerations.

#### UNFINISHED BUSINESS

No items scheduled.

#### PUBLIC HEARING

No items scheduled.

#### NEW BUSINESS

##### 11. Draft Budget Fiscal Year 2016/2017 Presentation. (Wells)

City Manager, Toby Wells gave the presentation. He reviewed the current Fiscal Year 2015/2016 budget; the proposed revenues and expenditures by Department for Fiscal Year 2016/2017 and the budget forecast.

Vice-Mayor Kline asked if the projections and loss of revenue for Ross are known. He also asked if there are any studies performed by Ross regarding potential sales revenues. City Manager Wells responded that Ross has not shared any of that data. However, MuniServices has done an analysis based on projections from similar stores that includes a GAP analysis and what the City's loss would be based on a community of similar size and demographic, and it also projects how much customers will spend and the projected sales tax revenue. Vice-Mayor Kline further asked what the projected sales tax revenues are. City Manager Wells responded that the projected sales tax revenue is somewhere between \$80,000 and \$100,000, depending on the success of the store. City Manager Wells stated that the store is planning to open on July 1, 2016.

City Manager Wells provided a detailed review of the draft expenditures by each fund and department. The following questions arose during the review of expenditures:

Council Member Ryno inquired about the overtime for Department 9 (Non Sworn Police). She noted that the year-end is \$102,000, but only \$70,000 is being recommended. City Manager Wells responded that the overtime is a combination of the first two line items

(the OT and dispatch reserve pay); there are two reserves now and that should bring the overtime down. When the two items are combined, it's close to the year-end estimate and that total number is pretty tight.

Vice-Mayor Kline asked about the IT allocation cost for Department 15 (Fire) and noted the increase in cost for Fiscal Year 2016 and a decrease in Fiscal Year 2017. He noted that those amounts are considerably higher than previous years. City Manager Wells explained that IT allocation is built by the IT Department and in Fiscal Year 2014/2015 it was under allocated and that left a negative fund balance. In Fiscal Year 2015/2016 that cost allocation was increased to be more reflective of the actual costs. The cost is for IT services across the whole system for citywide projects.

Council Member Ryno inquired about the 4850 labor costs for Department 15 (Fire). City Manager Wells stated that the 4850 labor costs really can't be budgeted.

Vice-Mayor Kline inquired about the strike teams and the overtime reimbursement by the State. He asked if that reimbursement goes back to Fire to offset the overtime costs. A lengthy discussion ensued regarding the revenue from the State and how it is detailed and re-appropriated back to Fire. Finance Director Dean explained that the reimbursed funds can be re-appropriated back to Fire at the direction of Council.

City Manager Wells reviewed the expenditure summary: Total Expenditures - \$19.2M; Personnel Costs are 87% or \$14.0M; with Measure H, total expenditures - \$22.2M; Public Safety (PD, Fire, Code Enforcement, Animal Control) with Measure H is approximately 83% of the total General Fund; and Measure H Budget general fund projections. City Manager Wells also detailed the proposed service level changes for Fiscal Year 2016/17, which are: Freezing five currently vacant PD positions and Eliminating Grid Street Tree Trimming. City Manager Wells requested direction from Council regarding two questions: 1) Reduce Reserve threshold from 18% to 15%; and 2) Freeze Five vacant Police Department positions.

Mayor Vierra summarized City Manager Wells' request, which is the authorization for the City Manager to have the ability to go down to 15% reserve, if needed. Mayor Vierra stated that this is a challenging budget and there are only certain areas to pull from. He also commented that with personnel costs being such a high amount, only a small amount can be extracted, and if you don't maintain the services you have, then eventually you have to spend money to do that. There are deficiencies in certain areas that the City is trying to get caught up on, which makes it challenging. Mayor Vierra also inquired what type of service levels are the public willing to accept. Mayor Vierra asked City Manager Wells what are the sales tax projections that the Mitchell Ranch project could give the City. City Manager Wells commented that there is one last appeal and reviewed the appeal process. He also stated that if successful, construction would start by mid 2017 and open in 2018. Any revenue to the City would not be realized until 2018. City Manager Wells also stated that preliminary estimates are in the \$1 million dollar range, but this will not be realized in this fiscal year. Realization of sooner sales tax increase is more likely to come from new stores that open filling vacant spaces.

Mayor Vierra stated that he can support going to a 15% reserve and that it doesn't mean that the City will go there. Last year, the City authorized 18% and the City did not go to that level. He also stated that it's not a stagnant document and that it can be refined once the numbers come in and can be reviewed quarterly or monthly. Mayor Vierra commented that he is not willing to remove the tools that Police and Fire utilize. Eventually, the City must wean itself off the reserves and get back to a level where the City is spending what is coming in.

Council Member Ryno stated that the City has been using its reserves for many years and that the City must learn to live within its means and that is not being done and has not been done for 9 or 10 years. She further commented that the City can't rely on projections that Walmart is going to come in. If Ross and Walmart open and do great, then the City will have the money to rely on, but the City does not have that money now. She also stated that a few years ago, she wanted a balanced budget. Council collectively decided to wait until the 2016/2017 budget to have a balanced budget, and now again the City is facing an unbalanced budget.

Mayor Vierra stated that just asking for 15% does not mean the City will go there. Significant salary concessions that Council returned to the bargaining units and the rising cost of retirement is contributing to the increased costs.

Council Member Ryno commented that in Fiscal Year 2014/2015 the reserve was at 26% and that the projections keep on going down.

There was a lengthy discussion amongst Council and staff regarding the projected revenues and costs for Fiscal Year 2016/2017 and future fiscal years.

Vice-Mayor Kline stated that he agrees with the Mayor and Council Member Ryno. He also stated that when he reviewed the budget, he diligently tried to stay away from personnel. He asked for staff to look outside the box and questioned the budget for Police fleet allocation. City Manager Wells explained the fleet allocations costs for Police.

City Manager Wells reviewed the proposed schedule for the approval of the budget, which consists of a thorough mid-year budget review in January, a service level review in February and pre-budget direction as full day budget workshops.

Council Member Ryno stated that every year, the reserves keep going down.

Vice-Mayor Kline commented that the deficit spending has increased. City Manager Wells stated that it is due to the return of concessions.

A lengthy discussion amongst Council and staff ensued regarding the next budget review and projections, the close of the third and fourth quarters, and expenditures and revenues.

Mayor Vierra brought the time for Council direction and polled the Council Members with the staff recommendations of:

1) Reduce reserve threshold from 18% to 15%.

YES:	2	Council Members: Lane, Mayor Vierra
NO:	2	Council Members: Kline, Ryno
ABSENT:	1	Council Member: Durossette

Vice-Mayor Kline commented that he does not want to reduce the reserve to 15%, but also does not want to look at laying off personnel. He would like to look at whatever can be done to keep it from that factor. He further stated that he asked when the fourth quarter is over so that those final numbers can be reviewed, as those final numbers will affect the 2016/2017 budget. He commented that he does not want to lay off any personnel, but also does not want to continue on this spiral trend of lowering the reserves. He would like to get as close to an 18% reserve and see where expenses can be trimmed and review one-time expenses.

Council Member Ryno stated she certainly does not want to see layoffs, but when she is being advised that the budget has been trimmed as much as possible, then this is why she wanted a line-by-line discussion. The bottom line is that she does not want to go down to 15% and whatever needs to be done to get to 18%, should be done.

Mayor Vierra commented that the City has talented staff that reviewed this budget and staff has reported that that this is the bare minimum that the City can live with. The non-personnel items listed in the budget that are being questioned will remove the tools needed to perform their jobs. Council can perform a line-by-line review of the budget, but the reality is if the reserves are going to be kept at 18% and/or increased, then the tough decision of personnel has to be discussed. The reason the concession freeze was put in place was to save staff, and when the Council returned those concessions, it was known by Council and staff that this day was going to come. He further stated that they were hopeful revenues were going to increase and the City has done numerous things to try and increase businesses coming to town. There are potential businesses coming to town, but those have not materialized as quickly as desired. The City will continue to do things that support bringing businesses to town. These are discussions that Council has had and this is why he is willing to go to a 15% reserve and in January perform a significant review of the service levels. If services levels need to change, that can be considered then, but those discussions need to materialize and he is willing to go to a 15% reserve to await the potential of seeing new businesses come to town. He would not go any lower than a 15% reserve.

City Manager Wells will act on Council's direction and will present the budget for consideration and action on June 13, 2016. The budget will consist of an additional review by staff and will include updated year end expenditures.

Mayor Vierra directed City Manager Wells include both an 18% and 15% budget reserve, when the item returns to Council on June 13, 2016.

2) Freeze Five vacant Police Department positions and eliminate Grid Street Tree Trimming.

YES: 4 Council Members: Lane, Kline, Ryno, Mayor Vierra  
 NO: 0 Council Members: None  
 ABSENT: 1 Council Member: Durossette

Mayor Vierra asked, if anyone from the Public had any comments and the following citizens spoke.

Lawrence Youhana asked about the City's efforts bringing new businesses to town. Mayor Vierra explained the City's process of helping facilitate making it easier for businesses to come to town.

### DISCUSSION ITEMS

No items scheduled.

### COUNCILMEMBER REFERRALS

Any Council Members that would like to have an agenda item placed on a future agenda shall make a request under this section of the agenda.

None.

### REPORTS

At this time, any Council Members or City Staff will make an announcement, or report briefly on his or her activities.

- Mayor – None
- City Council – None
- City Manager – None
- City Attorney – None
- Departments – None
- County Supervisor – None

### ADJOURNMENT

The next regularly scheduled City Council Meeting is scheduled to be held on Monday, June 13, 2016 at 6:00 p.m. in the City Council Chambers located in the Community Center at 2701 Fourth Street, Ceres, CA

There being no further business, Mayor Vierra adjourned the City Council meeting at 7:10 p.m. and convened in a Closed Session meeting with the below listed items being discussed.

### CLOSED SESSION

1. **CONFERENCE WITH LABOR NEGOTIATOR:**  
 (Pursuant to Section 54957.6 of the Government Code)

*City Negotiator:* Liebert, Cassidy, Whitmore  
 Employee Organization: **Miscellaneous Bargaining Unit**

Employee Organization: **First Line Supervisors/Confidential Bargaining Group**  
Employee Organization: **Mid-Management Employees**  
Employee Organization: **Public Safety Mid-Managers**  
Employee Organization: **Ceres Professional Firefighters Association**  
Employee Organization: **Ceres Police Officers Association**

**REPORT FROM CLOSED SESSION**

8:27 p.m. Reconvened to Open Session.

**ACTION:** Council provided direction to staff.

There being no further Closed Session business, Mayor Vierra adjourned the meeting at 8:27 p.m.



Chris Vierra, Mayor

ATTEST:



Diane Nayares-Perez  
City Clerk