

DRAFT MINUTES
SALINAS CITY COUNCIL FINANCE COMMITTEE
Monday, November 27, 2017
3:00 P.M.

COMMITTEE MEMBERS PRESENT: Mayor Joe Gunter and Councilmember Tony Barrera.

STAFF PRESENT: City Manager Ray Corpuz Jr., Assistant City Manager Jim Pia, Finance Director Matt Pressey, Human Resources Officer Marina Horta-Gallegos, Economic Development Manager Andy Myrick, Acting Public Works Director Don Reynolds, Acting Fire Chief Brett Loomis, and Senior Accountant Abe Pedroza.

Mayor Gunter called the meeting to order at 3:00 p.m.

1. PUBLIC ATTENDANCE / COMMENT

Members of the public Ken Allen, Al Espindola, and Gloria Moore were present.

Mr. Espindola requested clarification regarding retirement benefits relating to the SAFER grant.

Ms. Moore requested that the minutes reflect the attendance of community members.

2. MINUTES

The minutes of the November 6, 2017 meeting were approved by motion of Committee Member Barrera, second by Committee Member Gunter.

3. DISCUSSION ITEMS

A. National Resource Network

Economic Development Manager Andy Myrick introduced an upcoming initiative proposed to combat the structural deficit of the City's general fund, while maintaining adequate levels of service provided to the community. In September 2017, the City applied for and received significant funding from the National Resource Network (NRN), becoming one of five cities selected nationally. Specifically, the project entails establishing a multi-year budget with sustainable funding for key operations, development of a ten-year financial model, and an organizational and operational review, including the identification of objectives, goals, and action the City can take to address housing affordability and homelessness. NRN estimates the total project costs to be approximately \$400K, with the City contributing \$100K and the grant funding the remaining \$300K, including overages. Mr. Myrick introduced Russ Branson, director at Public Financial Management. Mr. Branson detailed the experience and expertise his company offers, while further explaining the excel-based model's capabilities. Councilmember Tony Barrera expressed his concerns with the financial investment required of the City, asking staff if they were supportive of the venture. Mr. Myrick, Assistant City Manager Jim Pia, and Finance Director Matt Pressey all indicated they supported the project, noting that it aims to provide the City with options in maintaining financial solvency, as opposed to relying on budget cuts exclusively.

B. 1st Tee

Assistant City Manager Jim Pia presented a brief summary concerning the City's lease with the First Tee organization, allowing facility use at the Twin Creeks golf course. As a result of a termination letter received from the organization, the City agreed to lower annual payments from \$125,000 to \$60,000, effective May 2015. The duration of the current agreement is 20 years, including two five-year options. Debt service payments for the course total approximately \$450M annually, refinanced from \$525M. Mr. Pia invited direction from the committee following a Council request to re-examine the current agreement between the Future Citizens Foundation (First Tee) and the City, with the intent of possibly increasing revenue. Mayor Joe Gunter and Councilmember Tony Barrera deemed the current contract satisfactory and agreed no further action is necessary in the immediate future.

C. Public Safety OT Study Timeline

Finance Director Matt Pressey provided an overview of a proposal between the City and the Center for Public Safety Management (CPSM) to conduct a review of law enforcement and fire services within the community. Due to the financial strain of the two department's overtime costs, a sustainable model is critical to ensuring the long-term fiscal health of the City. Specifically, the data-driven forensic analysis aims to first identify actual workload, then to recommend appropriate staffing and deployment levels for the City's patrol and suppression functions. CPSM maintains a high level of expertise in the field, having conducted similar projects for numerous public agencies. Although the availability of the City's dispatch data from Monterey County could present a notable challenge to the study, CPSM is optimistic it will be able to complete the project by April/May 2018.

D. Commercial Business License Discovery Letter

Finance Director Matt Pressey provided an overview of an endeavor to discover commercial real estate businesses operating without a license in City limits. Property owners leasing commercial real estate are considered to be operating a business and therefore required to obtain a City issued business license. Previously contracted with an outside firm, the discovery of these businesses was brought in-house with the help of the City's GIS division. As a test run, notification letters were recently sent out to 100 business owners, informing them of their outstanding obligation. The Revenue and Licensing division received 70 responses and collected approximately \$100K as a result, bringing numerous businesses into compliance. Councilmember Tony Barrera inquired upon the feedback received from the local business owners and the level of customer service provided by the City. Mayor Joe Gunter questioned the practice of charging the current year's fee in addition to two retroactive years and suggested the letter be updated with the current City Attorney's information, thereby further substantiating the tax. Mayor Gunter motioned that staff delay distribution of 100 additional letters scheduled for 11/28/17 until further deliberation on the matter, seconded by Councilmember Barrera.

E. Soccer Complex Update

City Manager Ray Corpuz Jr. presented a brief summary on a memorandum of understanding concerning the 42 acre Soccer Complex leased by the County of Monterey to the City, and then to the regional sports authority. In the agreement, the County Board of Supervisors stipulated the project must demonstrate long-term financial sustainability, as well as adequate access to the playing fields. To satisfy the requirements, the subsequent master lease drafted by the County contained financial and operating plans, as well as additional verbiage relating to the sale of a City-owned parking lot at 101 W. Alisal to the County. The City elected to decline the overture, maintaining ownership and leasing the asset to the County. The City approved of the remainder of the contract, allowing the Soccer Complex to be fully utilized by the community.

F. PARS / Social Security – Temporary Staff

Human Resources Officer Marina Horta-Gallegos delivered a presentation on an alternative retirement system for temporary City employees. As a substitute to Social Security, Public Agency Retirement Services offers an Alternate Retirement System (ARS), maintaining 33 years of experience, while being utilized by over 250 public agencies. In conjunction with the financial sustainability plan currently being employed by the City, the objective of reducing payroll costs can be realized due to lower contribution rates. Annual savings of approximately \$95K is projected, totaling \$491K and \$1M by years five and ten, respectively. Additional benefits include a streamlined enrollment process, immediate employee vesting, and the option to withdraw the accrued investment upon separation. Ms. Horta-Gallegos provided an expedited timeline, including employee introduction beginning in December, Council presentation in January, and implementation by February 2018. Mayor Joe Gunter and Councilmember Tony Barrera concurred the proposed transition would be beneficial to the City.

G. ALS / VAC Fees

Acting Fire Chief Brett Loomis provided an update of the ALS / VAC Fees, responding to Councilmember Scott Davis' request at the previous Finance Committee meeting. The City employs Wittman Enterprises, LLC as its third-party billing provider. The company's share for service rendered is 15% of the amount collected, not billed, which averages to approximately \$5K monthly. Mr. Loomis informed the committee of a forthcoming policy change by Anthem Blue Cross and Blue Shield, effective 1/1/18, expanding coverage to pre-hospital treat and release services. Due to the new information, Mr. Loomis requested an additional 30 days to evaluate the effects it could have on the ALS fee, possibly alleviating the financial burden for residents. In the meantime, Mr. Loomis urged residents to contact the Fire Department to resolve any issues regarding the fees, emphasizing his willingness to support the community. Councilmember Tony Barrera motioned for the topic to return to the Finance Committee in January, seconded by Mayor Joe Gunter.

H. Committee Member Reports

Councilmember Tony Barrera inquired about the status of a list of consultants utilized by the City, measuring their cost-effectiveness.

4. NEXT MEETING

Next meeting is scheduled for Monday, December 4, 2017.

5. ADJOURNMENT

The meeting adjourned at 4:28 p.m.

SUBMITTED BY:



Abe Pedroza, Senior Accountant