

DRAFT MINUTES
SALINAS CITY COUNCIL FINANCE COMMITTEE
Monday, November 5, 2018
3:00 P.M.

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

STAFF PRESENT: City Manager Ray Corpuz Jr., Finance Director Matt Pressey, City Attorney Chris Callihan, Assistant City Attorney Rhonda Combs, Public Works Director David Jacobs, Transportation Manager James Serrano, Public Works Admin Supervisor Mike Garner, 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 Jr., and Ken Allen Sr., and Al Espindola were present.

No public comment.

2. MINUTES

The minutes of the October 1, 2018 meeting were unanimously approved by motion of Committee Member Davis, second by Committee Member Barrera.

3. DISCUSSION ITEMS

A. Excess Liability Insurance Pool

Assistant City Attorney Rhonda Combs introduced Mark Howard, Risk Manager for the City of Santa Barbara, and Connor Boughey, broker for Alliant Insurance and contracted Program Administrator for the Authority of California Cities Excess Liability (ACCEL) joint power authority. Ms. Combs then delivered her presentation, recommending the City transition “from a stand-alone position purchasing excess liability insurance to a position purchasing excess liability insurance via a risk financing and purchasing group, ACCEL, a group formed in which twelve California cities are members.” The City’s current excess liability coverage of \$1M self-insured retention (SIR) and a \$10M limit, which was recently increased due to insufficient levels, is still considered inadequate in today’s public entity litigation climate. After reviewing an application for membership, ACCEL’s board determined the City could join the group with a \$1M SIR, a deposit premium to share risk with members in the \$1M-\$5M layer, and a \$15M individual excess liability coverage limit.

Mr. Howard provided his support for the venture, citing the positive results the City of Santa Barbara has experienced. Mr. Boughey explained the intricacies of the program, stating that the ACCEL deposit premium functions similar to a dividend plan, with pool deposits returned to the cities if they outperform the actuarial estimated losses. ACCEL maintains a third-party actuary, financial auditors, and is formed pursuant to the State of California Government Code. Furthermore, the ACCEL board is comprised of its members, in which the City of Salinas would receive one vote.

Councilmember Scott Davis, noting the City of Santa Barbara as a good example, asked for additional information

regarding average and poor performing cities. Mr. Davis also inquired if the increased costs of joining the JPA would require a reduction of funds elsewhere in the City's budget and if additional excess liability insurance pool options could be presented. Councilmember Tony Barrera voiced his concerns regarding the use of public funds and suggested the presentation be simplified for increased comprehension and transparency. Mayor Joe Gunter requested clarification on the timeline, including when the item would go to Council as well as when the City would be eligible to join ACCEL.

City Manager Ray Corpuz Jr. indicated that staff would meet with the full Council to explain the details of the JPA, while the topic could potentially be presented in early January, with 1/1/19 or 7/1/19 as available dates to be enrolled as an ACCEL member. By motion of Councilmember Scott Davis, the committee agreed to have the item move forward for a vote by City Council.

B. SERCO Parking Enforcement Contractor Update

Transportation Manager James Serrano provided a detailed overview of the parking enforcement program since its inception. After a collaboration with consultants and a request for proposal, the City contracted with SERCO in August of 2016 at an annual cost of \$269K, or \$22K per month. The goal is to manage the City's parking assets in a separate enterprise fund, reduce or eliminate reliance on General Fund subsidization, and provide optimal parking turnover in support of the entire community.

The program currently consists of three officers, one supervisor, three vehicles, bicycles, and a SERCO regional manager supported by City staff in the Public Works department. Mr. Serrano provided a detailed breakdown of the revenue, highlighting the funds generated exceeded the increased costs. Currently, there are over 28,000 uncollected citations, representing over \$1M outstanding in unpaid fines. Staff is recommending a renewal of the contract at a cost of \$299K, in addition to expanding services by one officer and one vehicle, with the goal of additional night and weekend coverage.

Councilmember Scott Davis requested detail on the 30% remitted to the County of Monterey, recommended the possibility of adding two officers instead of one, and for alternative methods to revenue collection. Councilmember Tony Barrera applauded the efforts of Public Works' staff, noting the enforcement is working as intended throughout various pockets of the City. Prompted by Mayor Joe Gunter, Mr. Serrano noted the item would be presented to Council on November 20.

C. Committee Member Reports

Councilmember Scott Davis requested an update on the Cannabis permit program and the Boronda Road project

4. NEXT MEETING

Next meeting is scheduled for Monday, December 3, 2018.

5. ADJOURNMENT

The meeting adjourned at 4:09 p.m.

SUBMITTED BY:



Abe Pedroza, Senior Accountant