

DRAFT MINUTES
SALINAS CITY COUNCIL FINANCE COMMITTEE
Monday, July 1, 2019
1:00 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, Public Works Director David Jacobs, Human Resources Director Marina Horta-Gallegos, and Senior Accountant Abe Pedroza.

Mayor Gunter called the meeting to order at 1:00 p.m.

1. PUBLIC ATTENDANCE / COMMENT

Members of the public Steven Kennedy and Sergio Sanchez were present.

Mr. Kennedy encouraged staff to begin the process of implementing the remaining recommendations of the Salinas Plan.

2. MINUTES

The minutes of the June 3, 2019 meeting were unanimously approved by motion of Committee Member Davis, second by Committee Member Barrera.

3. DISCUSSION ITEMS

A. Salinas Plan – Healthcare Cost Containment

Human Resources Director Marina Horta-Gallegos introduced the topic as part of the Salinas Plan, which includes 32 recommendations from the National Resource Network (NRN) intended to help the City address its structural budget deficit and housing crisis. Ms. Horta-Gallegos briefly reviewed the four workforce related items of the Salinas Plan, before focusing on the current topic of Healthcare Cost Containment, describing the item as a long-term strategy to be phased in as part of labor negotiations. The City has historically provided a generous health care benefit package, paying 100% of the premium up to the CalPERS Choice plan. The expected health care cost for the City is approximately \$10M for FY 19-20. NRN recommends the City eventually recoup approximately 20% of the premium through employee contributions by 2026, generating approximately \$3M in annual savings. As an alternative, the City could consider subsidizing a lower cost plan, such as CalPERS Select.

Ms. Horta-Gallegos explained the City has been contracting with CalPERS for decades, with premiums calculated by based on analysis of prior year data. The timing allows for a brief opt-out window of 60 days in June-August, giving employers a limited opportunity to make a change to a different provider. In 2014-2015, the City solicited bids for a new contract, but ultimately stayed with CalPERS as the abbreviated timeline would not be possible when conferring with the various labor units.

The City has begun to implement employee contributions, to be effective December 2019, through the collective bargaining process. Employee contributions will begin at approximately 3-5%, at an annual savings totaling \$434K for half of FY 19-20.

Councilmember Scott Davis recommended the City structure employee contributions as a flat rate as opposed to a percentage of the premium. Mr. Davis also inquired upon a correlation between the annual employee fitness test administered through Hartnell College and a reduction in workers' compensation/industrial liability claims. Mayor Joe Gunter clarified that all staff would be subject to healthcare cost contribution, including Directors and Public Safety.

B. Special Events Policy

Finance Director Matt Pressey reintroduced the topic, which was previously discussed with the Finance Committee at the April 1, 2019 meeting. A draft policy was presented, with Mr. Pressey highlighting several key points. Policy item #4 is intended to address the concerns regarding Police overstaffing and the associated costs. Items #6 and #7 require the coordinating agency to provide a budget while stipulating that the in-kind contribution by the City not exceed 10% of the total cost of the event. Items #9-12 detail the timing of City department coordination, invoice preparation and payment, while #13 noted that failure to pay could result in the event being canceled in the future. Item #14 specified that an annual report will be presented to the Finance Committee in August.

Mayor Joe Gunter reiterated the desire to control police costs, suggested the coordinating agency be required to remit a deposit beforehand, and noted that the final invoice be mailed within 14 days of the event. Councilmember Scott Davis echoed the police staffing concern, requested that staff solicit input from all stakeholders, and encouraged a review of best practices by other agencies. Sergio Sanchez, representing the Cultural Committee of Salinas, supported the proposed special events policy, while requesting that the final invoice be fully itemized. Mr. Sanchez also voiced his displeasure at the amount of Police officers required to staff the annual El Grito event, stating that he elected to cancel the upcoming Taco Festival due to similar concerns. Councilmember Tony Barrera stated that the City's final cost should be communicated to the coordinating agency prior to the event, favored providing in-kind contributions to non-profits over revenue generating organizations, and hoped to resolve El Grito's outstanding bill.

C. Committee Member Reports

Mayor Joe Gunter requested the agenda for the August Finance Committee meeting be provided further in advance.

4. NEXT MEETING

Next meeting is scheduled for Monday, August 5, 2019.

5. ADJOURNMENT

The meeting adjourned at 2:14 p.m.

SUBMITTED BY:



Abe Pedroza, Senior Accountant