

MINUTES OF THE SPECIAL CITY COUNCIL MEETING  
TUESDAY- -APRIL 16, 2015- -6:00 P.M.

Mayor Spencer convened the meeting at 6:03 p.m. and led the Pledge of Allegiance.

ROLL CALL - Present: Councilmembers Daysog, Ezzy Ashcraft, Matarrese, Oddie and Mayor Spencer – 5.

Absent: None.

ORAL COMMUNICATIONS, NON-AGENDA

(15-240) Kevin Kennedy, City Treasurer, submitted a spreadsheet; provided feedback on the public safety Memorandums of Understanding (MOUs); stated something needs to be done; the question is whether these MOUs are what the City needs to do; the City has spent time and money on the matter and needs to be thinking long term; expressed concern over the Balanced Revenue Index (BRI) including the property transfer tax, which is one time revenue, and the trust running out of funds and the burden falling on younger workers.

Kevin Kearney, City Auditor, stated the mechanism of running Other Post Employment Benefits (OPEB) through payroll results in the employees having higher wages; urged not running the funding through the payroll, which would require retirement payment.

The City Treasurer stated putting 2% into the trust cost the City 3% because the PERS contribution will be 50% of salary; suggested putting 3% straight into the trust; expressed concern over the City's legal position; stated the courts are still determining how cities handle vested benefits; questioned whether the mechanism has legal ramifications; suggested hiring a pension lawyer; stated that he would proceed with the recommendations in the Pension Task Force report; reviewed the four recommendations.

(15-241) Denise Lai, Alameda, stated that she requested payroll information from the City; she could not compare the data; asked the Council to direct staff to standardize the data; stated Fire Fighter overtime doubled in 2013 and 2014; expressed concern over Fire Department overtime and the number of Fire Captains; urged Council to stall or vote no on the MOUs; urged Fire management be investigated.

(15-242) Kurt Peterson, Alameda, urged the Council to take its time and make intelligent wise decisions on the MOUs; expressed concern over profit sharing with Police and Fire, which is one way.

(15-243) Janet Gibson, Alameda Architectural Preservation Society (AAPS), read a letter submitted by AAPS requesting funds for two projects.

(15-244) Robin Gilbert, Alameda, concurred with the City Treasurer's recommendation

to hire a pension lawyer; suggested allowing more time to review the MOUs.

(15-245) Jane Sullwold, Alameda, expressed concern over rushing through the public safety MOUs on April 29<sup>th</sup>; stated the contract may cut off other OPEB options, create vesting and eliminate options available from court decisions; stated there should be actuarial and legal analysis; urged providing more time.

#### AGENDA ITEM

(15-246) Receive a Summary of Proposed Budget for Fiscal Years 2015-16 and 2016-17.

In response to Vice Mayor Matarrese's request, the Assistant City Manager outlined the budget schedule.

The Assistant City Manager and Finance Director gave a Power Point presentation and responded to questions.

Regarding the General Fund FY 2014-15 review, Mayor Spencer requested amounts be provided in writing.

Vice Mayor Matarrese stated the workers compensation fund has a deficit; the City does not have surplus funds if there are deficits.

The Assistant City Manager stated there are outstanding claims.

Vice Matarrese requested that the policy question regarding whether workers compensation should be fully funded or if the risk is acceptable return to Council.

Regarding projected revenue, Councilmember Daysog requested the assumptions and changes over time be outlined; stated the changes are particularly important on the expense side; questioned whether a department increasing expenditures from 30% to 37% might mean another department is not getting its fair share.

The Assistant City Manager stated the matter could be reviewed.

Councilmember Ezzy Ashcraft stated the Council should consider updating the Utility Users Tax (UUT).

The Assistant City Manager noted amendment would require a vote.

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Councilmember Oddie left the dais 7:45 p.m. and returned at 7:46 p.m.

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On the General Fund transfers in, Councilmember Daysog requested staff to review

where Bayport Municipal Services District funds are going.

Mayor Spencer inquired whether information on staff vacancies could be presented by each department, to which the Assistant City Manager responded in the affirmative.

Regarding the General Fund expenditures by department, Vice Mayor Matarrese requested staff to provide an explanation of the difference in the increase between the Police and Fire budgets at a future meeting.

Mayor Spencer stated that she would like to see a historical perspective from 5, 10 and 15 years ago of the percentage for each department to show if the percentages have stayed the same or if some departments have grown and others are shrinking over time; that she would like to see the percentage for Recreation and Parks.

The Assistant City Manager stated staff would attempt to do so; noted Recreation and Parks was taken out of the General Fund to better account for programs, so it will be difficult.

Mayor Spencer noted she is also interested in the percentage for Police and Fire.

Councilmember Daysog requested that the General Fund proposed expenditures by department FY 2015-16 pie chart be reviewed; stated that he is having a hard time reconciling the numbers; the ratios are different in staff report Exhibit 1.

Regarding the PERS rates, Councilmember Oddie requested staff to provide a comparison to other cities.

Vice Mayor Matarrese requested a chart showing the difference between the pay as you go and the amount if the MOUs are approved.

Regarding the three new positions, Vice Mayor Matarrese stated that he would like to see alternatives; that he will not vote for a budget which increases positions, which includes a PERS burden; the private sector uses contract organizations for Information Technology (IT); he would like alternatives which do not involve hiring someone.

The Assistant City Manager stated that she is not sure a comprehensive analysis can be finished by budget completion.

Councilmember Daysog stated staff would have to make a strong case for the positions; provided an example of combining positions; stated planning to address the future deficits should start now.

Councilmember Ezzy Ashcraft stated that she would favor creative solutions instead of hiring someone.

Mayor Spencer stated employees at City Hall are working hard; a solution is needed to

reduce the pressure on the employees at City Hall.

Councilmember Oddie concurred with the Mayor.

Regarding the Staffing for Adequate Fire Emergency Response (SAFER) grant, Vice Mayor Matarrese requested staff to review having vesting begin when the person becomes a full time employee, rather than a temporary employee under the grant.

The Administrative Services Director responded that she is not sure if it is possible, but staff could review the matter.

Councilmember Daysog discussed buying down the unfunded OPEB liability.

Councilmember Ezzy Ashcraft stated department cuts should be at the bottom of any cost savings measures considered.

Councilmember Oddie stated that he would like projection calculations to be done on the various options to close the gap.

Councilmember Daysog discussed the UUT being done on a targeted basis and the percentage of the General Fund budget that is allocated to each department.

Mayor Spencer stated that she would like historic information on whether all departments have had the same percentage cuts or if the amounts have differed over time.

Regarding maritime demands, Councilmember Ezzy Ashcraft stated legislation is pending in Sacramento which would tighten regulations, but does not include funding; requested that the City's lobbyist look into funding.

The Assistant City Manager concluded the presentation.

The City Treasurer made brief comments on one time revenues and salaries.

Councilmember Ezzy Ashcraft encouraged the City Treasurer and staff to work collectively.

The City Treasurer inquired whether setting staffing levels to the existing filled positions could work.

The Assistant City Manager responded there could be savings, however, departments which have more difficulty recruiting staff would be penalized.

Mayor Spencer requested a chart of the unfilled positions.

Urged a new façade grant program be funded; stated the City should find matching

funds for increased maintenance on Park and Webster Streets; expressed his appreciation for the Police and Fire Departments: Robb Ratto, Park Street Business Association.

The City Auditor encouraged the Council to be conservative.

Vice Mayor Matarrese stated the City has homework that needs to be done before going out for a tax; that he concurs with Councilmember Daysog regarding the UUT; stated the City has to look strategically to fund the services most vulnerable to cuts, such as the Library and Recreation; he was clear about alternatives to increasing the head count; the OPEB discussion should address the value of buying time and answer the questions about the legal ramifications.

Mayor Spencer inquired whether the Council supports the direction being given; stated that she supports it.

Vice Mayor Matarrese requested an explanation of the difference between running the contributions through payroll versus other options under the agreement on the table, and the impact of the raises; stated the City Treasurer's submittal has not been reviewed by staff and should be done by the budget session on May 12<sup>th</sup>; guidance should be offered on April 29<sup>th</sup>.

The City Attorney stated the legal analysis is underway; inquired whether Council would like the information to be available for the public, to which Vice Mayor Matarrese responded in the affirmative.

The City Attorney stated that she would probably provide the Council with a confidential memorandum as well.

Mayor Spencer inquired whether the Council agrees.

Councilmember Oddie inquired whether the matter would be addressed in a closed session.

The City Attorney responded a closed session could be scheduled.

Councilmember Oddie stated the information should be presented in closed session and Council could decide whether or not to waive privilege.

In response to Councilmember Ezzy Ashcraft's inquiry, the City Clerk stated the open session starts at 5:00 p.m. on April 29<sup>th</sup> to hear from recruitment firms.

Mayor Spencer requested a closed session be held on a date prior to April 29<sup>th</sup>.

The date was discussed.

Mayor Spencer stated that she would like an earlier date so the information can be disseminated to the public.

Councilmember Oddie stated that he would like to focus on the good news; discussed prior Council actions, OPEB, and not cutting public safety; stated that he would like the measures to close the gap evaluated; taxes are probably last on his list.

Councilmember Ezzy Ashcraft concurred with Councilmember Oddie; stated although she opposes new positions, she sees the need to improve infrastructure, such as Information Technology (IT); inquired whether said information would be included in the presentation, to which the Assistant City Manager responded in the affirmative.

Councilmember Ezzy Ashcraft discussed public safety.

Councilmember Daysog stated Alameda has a structural deficit; stated the reserve is from one time revues and efforts to hold costs down; revenues, such as sales tax, have not changed much; discussed how the downside could occur just as easily; stated the City needs to be very careful; that he would like to see an emphasis on parks and libraries; discussed systematically underfunding departments and OPEB; stated scenarios need to be modeled.

Mayor Spencer inquired whether an actuarial evaluation was suggested, to which the Assistant City Manager responded in the negative; stated the City already has the actuarial evaluation.

Mayor Spencer inquired whether the AAPS request would be brought back as part of the budget, to which the Assistant City Manager responded the funding is not included in the budget; staff could review the request.

Mayor Spencer stated that she would like to review the matter.

Vice Mayor Matarrese stated staff should show where funds would be taken from.

#### CITY MANAGER COMMUNICATIONS

None.

#### COUNCIL COMMUNICATIONS

(15-247) Councilmember Ezzy Ashcraft stated that she was on a panel put together by the League of Women Voters, Association of Realtors and Alameda Home Team, which addressed new development in Alameda and included a bus tour.

Mayor Spencer noted that she was on the bus tour.

(15-248) Councilmember Daysog stated that he attended the League of California Cities

meeting last week, which he tweeted; he also attended an Airport Noise Forum meeting, which addressed corporate jets flying in for the Super Bowl in Santa Clara.

ADJOURNMENT

There being no further business, Mayor Spencer adjourned the meeting at 9:55 p.m.

Respectfully submitted,

Lara Weisiger  
City Clerk

The agenda for this meeting was posted in accordance with the Sunshine Ordinance.