



**HUGHSON CITY COUNCIL and
HUGHSON REDEVELOPMENT AGENCY BOARD**

REGULAR MEETING MINUTES

February 14, 2011

REGULAR SESSION 7:00 P.M.

Council Chambers
7018 Pine Street, Hughson CA
City Hall

February 14, 2011 (corrected at March 14, 2011 meeting)

Meeting of February 14, 2011, was called to order and opened by the City Clerk and City Attorney at 7:15 p.m. and announced that the Council Meeting has been moved to the Hughson Senior Center, 4th Street, Hughson, CA 95326

CALL TO ORDER: 7:15 p.m.

ROLL CALL: Council/Board Members Young, Beekman, Silva, Carr and Mayor/Chair Bawanan

PLEDGE OF ALLEGIANCE: Mayor Bawanan

INVOCATION: Reverend Spears.

AGENDA REVIEW: There was none

PUBLIC COMMENTS:

The Mayor acknowledged that there were individuals requesting to make public comments in relation to item 6 - Mid-Year Budget review. He asked that these individuals express their comments during that item.

Jean Henley-Hatfield and the Garden Club expressed appreciation to Public Works Superintendent Sam Rush for installing and removing the Christmas lights from the Community Christmas tree. She also announced that the Historical Society has moved and will be scheduling an Open House at a later date

1. CONSENT CALENDAR:

- a) **Consideration and Approval - Minutes of Regular Session of January 24, 2011 (CC-RDA)**
Winterbottom.
- b) **Consideration and Approval of City Council Goals and Objectives meeting minutes of January 29, 2011.**
- c) **Consideration and Approval of Warrants for the month(s) of January 2011. (CC/RDA)**
Paul
- d) **Approval by Resolution 2011-009 the Filing of a Notice of Completion for the Starn Park Playground Retrofit Project. (CC) Clark**

Recommendation: Council/RDA by motion approve minutes of Regular Council Session of January 24, 2011; minutes of Goals and Objectives Special meeting of January 29, 2011; Warrants for the month of January 2011; Adopt Resolution No. 2011-009, A Resolution of the City Council of the City of Hughson Authorizing the City Clerk to File a Notice of Completion for the Starn Park Playground Equipment Retrofit Project

Mayor Bawanan noted a couple of corrections on the minutes of January 24, 2011 to add Reverend Tomatis as providing the Invocation and correct the spelling on page two – agendize. City Clerk noted correction and will correct the document prior to finalizing.

ACTION: Council Member Beekman motioned to approve the Consent Calendar as amended, Seconded by Council Member Carr. Roll Call Vote: Council Members Young, Beekman, Silva, Carr and Mayor/Chair Bawanan. Vote Carried: (5-0) Consent Calendar approved. Resolution 2011-009 Adopted approving Notice of Completion for Starn Park and directing the City Clerk to record the Notice of Completion with the County Recorder's office.

PUBLIC HEARING TO CONSIDER:

2. Open and Close the Public Hearing, Adopt Resolution 2011-010 requesting approval of an Amendment to the Stanislaus Consortium Consolidated Plan to add the City of Hughson and approval of the Annual Action Plan. (CC) Kuipers

Recommendation: Council is requested to open the Public hearing to receive comments, provide input and by motion Adopt Resolution 2011-010 by title only, recommending approval to the Stanislaus County Board of Supervisors of the amendment to the Fiscal Year 2007-2012 Consolidated Plan to add the City of Hughson and approve the 2011-2012 Action Plan.

Ms Kuipers, RDA/Housing Analyst provided an overview on the report and the consolidated Urban County Action Plan. She explained that joining the Urban County would allow Hughson the ability to participate in entitlements provided from HUD, which the City was unable to receive in the past. She provided a power point presentation outlining the specifics of the funding abilities as provided through this Plan.

Mayor Bawanan questioned if the City of Hughson is required to adopt its own program, and was informed that by adopting the County Plan the City would be a participant with the County. Public Hearing Opened: 7:42 p.m. A member of the public questioned the assistance to the homeless during the winter months. It was mentioned that some of the money for the homeless is realized through the Hughson Family Resource Center.

Mayor Bawanan requested clarification of an anticipated conflict. It was noted that since he sits on the Board of Directors for the Hughson Family Resource Center and needed to declare a Conflict of Interest.

7:44 p.m. Mayor Bawanan declared a conflict of interest and left the dais and the room. Mayor Pro Tem Beekman took over the meeting.

No further comments were made.

Public Hearing Closed: 7:45 p.m.

ACTION: Council Member Young motioned to adopt Resolution 2011-010, seconded by Council Member Carr. Roll Call: Council Members Young, Silva, Carr and Vice Mayor Beekman. Abstain: Mayor Bawanan. Vote Carried: (4-0-1) Resolution 2011-010 Adopted approving an Amendment to the Stanislaus Consortium Consolidated Plan to add the City of Hughson and Approving the Annual Action Plan.

Mayor Bawanan returned to the Dais.

CITY BUSINESS - CONSIDER THE FOLLOWING:

3. Consideration and Approval of Resolution No. 2011-011 awarding an Agreement for Professional Services to EZ Network Systems, to provide the City of Hughson with Information Technology (IT) Services, and authorizing the City Manager to execute the Agreement.(CC) Spinale

Recommendation: By motion, adopt resolution 2011-011 by title only, approving an agreement with EZ Network Systems to provide the City with Information Technology Services, authorizing the City Manager to Execute the Agreement.

Discussion: Management Analyst Spinale presented the report for Council consideration. She provided an overview of the RFP process, reporting that 10 firms were sent RFP's, with the City receiving 4 Proposals for review. An interview panel was established to review the Requests and interview prospective clients, Although the costs represented from EZ Networks was not the lowest bid, the panel determined that EZ Network would be able to serve the City with the most competitive costs as well as experience and knowledge from the private sector to bring in new ideas and services to get the City on track.

Mr. Raymond Smith, President of EZ Network System stated that his mission is to work with the organization and adequately plan what is needed. He thanked Council for allowing his company the opportunity to work with the City.

ACTION: Council Member Beekman motioned to adopt Resolution 2011-011, seconded by Council Member Young. Roll Call: Council Members Young, Beekman, Silva, Carr and Mayor Bawanana. Vote Carried: (5-0) Resolution 2011-011 approving an Agreement for Professional Services to EZ Network Systems to provide the City with Information Technology (IT) Services and authorizing the City Manager to execute said agreement.

4. Consideration of a Refund for Assessments Levied in Fiscal Years 2008/2009, 2009/2010, and 2010/2011 in the Euclid North Lighting and Landscape District, the Euclid North Benefit Assessment District, the Euclid South Lighting and Landscape District, and the Euclid South Benefit Assessment District (CC) Clark

Recommendation: Adopt Resolution No. 2011-012 by title only, A Resolution of the City Council of the City of Hughson Reimbursing Assessments for the Euclid North and Euclid South Lighting and Landscape Districts and Benefit Assessment Districts.

Discussion: Community Development Director Clark presented the report for Council consideration, providing background information related to the errors in the assessments. He stated that in 2009, staff had determined that the assessments were in error and refunded a portion of the 2008-2009 assessments, however the assessments continued.

Mr. Clark outlined the reimbursements of the assessments that were levied and collected for Euclid North LLAD and BAD , less administrative costs and previous funds owned.

The reimbursable amount for Euclid North is a maximum total of \$27,094.23; less administrative and previous funds owed the City by the Developer; and Euclid South is a maximum total of \$25,485.11; less administrative and previous funds owed the City by the Developer.

The total reimbursement to these districts are a total, onetime cost of \$52,525; less administrative and liability account balance owed to the City. Mr. Clark clarified Councils' concerns and explained that the administrative costs received, are a percentage of costs within the district, which are justified within the Engineers report when the assessment districts are formed. He also noted that the developers agree with the Administrative costs charged to the districts. Mr. Clark explained that NBS provided Annual Engineers Reports for the Assessments in the pursuing years in error; and incorrect assessments continued.

Council Member Beekman questioned why the assessments continued in error. City Manager Whitemyer explained that action to reduce the Assessment for these District was not taken. The City is

in the process of correcting the errors to identify and rectify the errors from previous years, within these Districts. He explained that the City is also in the process of reviewing the Hughson Central Benefit Assessment District. All other Districts have been reviewed and seem to be correct.

Mr. Clark informed the Council that 2009-2010 Assessments for Euclid North and South should have been charged administrative costs only, as approved by the district and the Developer. Assessments will continue in pursuing years, however until the district is developed, only administrative costs will be charged.

ACTION: Council Member Silva motioned to adopt Resolution 2011-012, seconded by Council Member Carr. Roll Call: Council Members Young, Beekman, Silva, Carr and Mayor Bawan. Vote Carried: (5-0) Resolution 2011-012 approving a Refund for Assessments levied in Fiscal Years 2008-2009; and 2009-2010 in the Euclid North Lighting and Landscaping District, the Euclid North Benefit Assessment District, the Euclid South Lighting and Landscaping District, the Euclid South Benefit Assessment District.

5. Consideration and Introduction of Ordinance 2011-003 for 1st reading for the Adopting the California Building Code with Amendments; and directing the City Clerk to schedule the Public Hearing of March 14, 2011 for the 2nd reading and Adoption.

Recommendation: Consider the Introduction and First Reading of Ordinance 2011-003 by Title Only; An Ordinance of the City Council of the City of Hughson Amending the Hughson Municipal Code, Title 15 Building Code Regulations (California Code of Regulations, Title 24) and direct the City Clerk publish as a Display Ad and notice for Public Hearing on March 14, 2011 at or after 7:00 p.m. to consider 2nd Reading and Adoption.

Discussion: Community Development Director Clark presented the report. He outlined new portions of the Uniform Building Code: Residential Only Code, which includes all residential regulations into one document, which is a great improvement. He explained that changes in the State Codes now requires every new dwelling install Fire Sprinklers. Another addition to the Code is the Green Building Code, which are now mandatory regulations to design and encourage energy systems in residential and non-residential building. He stated that the City Attorney has reviewed the ordinance for Council's adoption. He requested Council introduce the Ordinance for first reading and direct its return to the Public Hearing on March 14, 2011 for second reading and adoption.

ACTION: Council Member Beekman motioned to waive the full reading of the Ordinance and introduce Ordinance 2011-003 by title only, directing the City Clerk to notice for the public hearing scheduled on March 14, 2011 and directing it return for 2nd reading and adoption; seconded by Council Member Young. Roll Call: Council Members Young, Beekman, Silva, Carr and Mayor Bawan. Vote Carried: (5-0) Ordinance 2011-003 introduced for first reading directing its return for 2nd reading and adoption on March 14, 2011.

6. Review of Mid-Year Budget and consider the Adoption of a Joint Resolution 2011-013/RDA 2011-002 amending Joint Resolution 2010-55/RDA 2010-007; Approving Mid-Year Budget adjustments to the FY 2010-2011 City and Redevelopment Operational Budgets and approving the City Reorganizational Plan. (CC/RDA) Whitemyer

Recommendation: Review Mid Year Budget for FY 2010-2011, provide direction and adopt Joint Resolution Number 2011-013/RDA 2011-002 approving Mid-year Budget adjustments to the Operating Budget for Fiscal Year 2010-2011, approving the City Reorganizational Plan.

Discussion: City Manager Bryan Whitemyer introduced the item and referred further discussion to Director of Finance, Souza.

Director of Finance Souza outlined the requirements to achieve a balanced budget. The budget is estimated with revenues and expenses in hopes that there are enough revenues to pay the expenses. The property tax rates are set at 1%, however since property tax has diminished, so have the revenues. There are four rules to good budgeting practices; Estimate revenue low; estimate expenses

high and budget revenue over the expenses; and do the math. She explained the four phases of budget development; adoption of a preliminary budget, adopt final budget, approve Midyear budget and finalize the year end budget. This practice allows Council and staff to review projected revenues and expenses and to look at the entire budget picture to ensure that revenues are meeting the expenses and authorize required budget changes if revenues do not meet expenses. The Council is in this process tonight.

Ms Souza outlined the current revenues and expenses, clerical and procedural changes required to meet the requirements from the City Auditors, and to charge revenues to the correct funds. She outlined the Enterprise Fund and RDA requirements and noted that the City has been charging a percentage of salaries, as well as administrative charges to those funds. This has caused a error in funding and a need to transfer those funds back to the General Fund, which has created a short fall, so far, of \$69,000. The City is required to have fund accounting. The General Fund makes up 34% of the Budget and is the only fund that is discretionary for Police, Administration, Finance, Planning, and Building. The Property tax is directly tied to the assessed value of property; as well as funds received from Motor Vehicle Fees. Last year, funds fell far below the threshold. With inflation costs and deflated values, Hughson's assessed value has fallen below 5% of the property purchased in 2007. Those valued at \$420,000 are now valued at \$217,000. Because of Proposition 13, and if there is no change in title of those properties, it will take until 2043 for the City to recover the property tax value. The City could hope for new development, however it is difficult to determine if or when that may occur.

She noted that declined property taxes were projected higher. The County fees the City was collecting were not paid to the County and were included in the City's Revenues. Finance has identified significant items, salaries, transfers and operations and the difference between the budget and projected. She outlined the budget information, provided with the summary of expected revenue and expenses, and where the City should be at the end of the fiscal year.

Council and staff continued discussion on the CMAQ funds, which require using local matching funds, which are currently not budgeted. Local Transportation Funds (LTF), discussion included earned interest and the market value. Ms Souza clarified that the City anticipates receiving the earned interest income.

Also discussed was \$77,000 in Community Enhancement Funds which are received through development fees. These funds are not discretionary funds and need to be transferred from the General Fund to a liability account, dedicated toward park development or some type of community enhancement project. Discussion on the Community Senior Center and that \$60,000 may need to be paid from General Fund to offset expenses. She reviewed the Waste Management and Cable TV franchise accounts. Discussion continued with the concerns of the adjustments and why previous audits did not include this information. Although Ms Souza agreed that the adjustments should have been caught in previous Audits, with volumes of documents to review, this may have been missed. The City has continually included the County Impact fees as revenue, however, the fees should have been directly paid to the County, which requires an additional transfer for the payments from the General Fund. Ms Souza explained the collection of fees should not have been included within the General Fund Revenue. These should have been set up as a pass-through account. The only amount that should have been reflected in the general fund as revenue is 1% administrative fees, not the entire \$50,000 that is shown in the budget. Other funds shown out of RDA are improper and need to be transferred back to the General Fund. Those include, but are not limited to Code Enforcement and the additional administrative costs. The City has been unable to find a nexus for charging Code Enforcement to the RDA. Although it may be legitimate expense, it has to be justified, and at this time the City is unable to justify the expenses.

Council Member Beekman discussed the Senior Center Grant requirements. This item will be reviewed further.

City Manager Whitemyer noted that next year, the city will embark on our first Low-Moderate Housing project, which has not yet been built. At this time the budget bottom line does not support the expenses assumed. The Senior Center budget is in the deficit, which will need to be expended from General Fund revenues as well, and will continue to run in the red. The City needs to assure that this expense makes sense. Reverend Spears discussed the grant that requires the Center to run for 20 years, which may expire this year, and at that point, the Community Center would revert back to the City. It was noted by Ms Souza that just because the property reverts back to the City that the program would discontinue to operate.

Discussion continued in regards to City assets, salaries and benefit formulas used to establish the budget. Ms Souza noted that correct formulas were not used in calculating current and anticipated employee salaries and benefits. Council Member Young expressed the need change past accounting practices and ensure that correct formulas are used to calculate the new budget.

Ms Souza explained that the City is in review of the budget, trying to ensure control, as there were many clerical errors discovered. At this time we are representing what we have found to date, as the Budget document is still under review. Finance is auditing the entries to ensure they were done correctly and will continue to monitor the process and provide checks and balances.

City Manager Whitemyer presented a power point presentation outlining details of the budget and transfers needed to ensure accounting procedures are done correctly. He recommended Council adopt the resolution approving the recommendations of elimination of positions as of March 1, 2011.

City Manager Whitemyer explained the detailed impacts to the general fund. The City is addressing RDA and enterprise funds being charged general fund expenditures, as well as anticipated increase in public safety costs that are required to be paid. He is hoping the County will allow a phased in approach to the increases presented by the County Sheriff's department. The review includes the possibility of using SLESF Funds to reduce some of the impacts proposed.

Doug Gorman, OES Business Agent, Employee Union Representative, expressed his concerns with laying off 5 employees felt that it was a premature action by the City. It appears that the Director of Finance is just starting to review the impacts and needs to be provided more time for the review before the Council approves laying off any employees. He felt the City could borrow against the funds and the use the City's reserve to defray the costs and to offset the layoffs. He expressed his concerns with laying off the building and code enforcement officials and that the City needs to try to work with employees before approving any layoffs.

Redevelopment Analyst, Linda Kuipers provided an overview of her accomplishments throughout her employment with the City and Redevelopment Agency. She asked Council to review the costs savings she provided to the City and was concerned with the future impacts which may occur with her absence. She requested that Council review the budget and reconsider laying off employees until the budget was fully reviewed.

Office Assistant II, Tina Robinson expressed her concerns and requested Council think hard before they change the lives of the employees they anticipate laying off at this time.

Building Official, Michael Brown requested Council reconsider layoffs and provided an overview of his contributions to the City and the costs savings and revenue over \$100,000 that the Building department has gained in the last few years.

No other comments were made

City Manager recommended Council Approve the Mid-year budget adjustments and approve the proposed City Reorganization Plan as proposed.

ACTION: Council Member Beekman motioned to adopt Resolution 2011-013/RDA 2011-002, seconded by Council Member Silva. Roll Call: Council/Board Members Young, Beekman, Silva, and Mayor/Chair Bawanan. Noes: Council Member Carr. Vote Carried: (4-1) Resolution Adopted approving Mid-Year Budgets and approving the City Reorganizational Plan.

CORRESPONDENCE: None Scheduled

7. STAFF UPDATES AND INFORMATIONAL REPORTS:

POLICE DEPARTMENT REPORT: Chief Rasmussen reported on a robbery at the Quick Stop, and the department is obtain footage of the surveillance tape and hoping that they will get leads. Other businesses have been made aware of the robbery.

8. COMMITTEE AND BUSINESS REPORTS:

- a) **Regional Surface Water Supply Project Steering Committee:** Council Members Carr and Beekman – Meeting scheduled February 15, 2011 at 6:00 p.m. at the Ceres Community Center.

Council Member Beekman provided an overview of the last meeting held, where Council Member Silva participated in the absence of Council Member Carr. Challenges include grant funding and other revenue sources.

- b) **Mayors Association Representative:** Mayor Bawanan.

Mayor Bawanan and Council Members Beekman and Young commented on the Mid-Year budget revisions and the effect to those that have been laid off. They noted the difficult decision they had to make due to the increased budget deficit. With the continued review and findings within the budget, he felt that there were no other choices that could be made at this time.

Council Member Beekman expressed the need to focus on increasing business in the Community.

Council Member Young announced a meeting of the Community Event Committee will be held on Wednesday February 16, 2011, in the Council Chambers at 7:00 p.m. to discuss the possibility of revising of the Chamber.

Mayor Bawanan discussed a tragic accident in Ceres this last week and the need to focus attention on working together with the Sheriff's Department, school officials and service clubs to focus on the importance of safe driving, especially during school hours. He felt it important to be proactive and to work with the school to challenge the students in safe driving and develop a plan to address the importance of safe driving habits. He is willing to participate and challenged other Council Members as well.

CITY COUNCIL DIRECTION OF FUTURE AGENDA ITEMS:

NOTICE OF COMMUNITY EVENTS:

- 🚩 February 20, 2011 – Hughson Arboretum Wine and Cheese Reception 2:00 to 5:00 p.m.

✚ March 26, 2011 – Athletic Boosters Club Crab Feed – St Anthony’s Church

Mayor Bawanan reported upcoming events; and reported from meetings he has attended since the last Council meeting. He has met with Sheriff Adam Christianson regarding continued law enforcement and also met with Supervisor Terry Withrow, whom expressed his willingness to discuss the City’s issues. Mayors meeting included discussion on agricultural land preservation policies and the need to develop ag-preservation and collaboration with other cities to work with LAFCO.

Mayor Bawanan expressed that although he felt it was a very difficult decision to lay off those members of staff, it was the only decision available at this time.

9. CLOSED SESSION TO DISCUSS THE FOLLOWING: There are no items scheduled

REPORT FROM CLOSED SESSION:

ADJOURNMENT: Adjourned at 9:52 p.m. to the CITY COUNCIL/RDA to the next regularly scheduled meeting of the City Council/Redevelopment Agency scheduled on February 28, 2011 at 7:00 p.m. at the Hughson City Hall, 7018 Pine Street, Hughson CA 95326.

These minutes were duly approved on this 28th day of March 2011 by a unanimous Consent of the Council/RDA by the following roll call vote: (5-0)

Ayes in favor: Council/Board Members Young, Beekman, Silva, Carr and Mayor/Chair Bawanan
Noes: None
Absent: None
Abstain: None

APPROVED

ATTESTED

Ramon Bawanan, Mayor/Chair

Michele Penirian Winterbottom, MMC
City Clerk/Secretary