



Budget Engagement Commission

Meeting Minutes

February 22, 2018 – 5:00 pm,
Mayor's Ceremonial Room

Commission Chairperson Calls Meeting to Order

Commission Chairperson Mendez called to order the special meeting of the Budget Engagement Commission Meeting at 5:04 pm on February 22, 2018 at the Mayor's Ceremonial Room located on the seventh floor of Riverside City Hall.

Pledge of Allegiance to the Flag led by Commission Chairperson Mendez

Commission Secretary Calls Roll – Commissioners Arballo, Mayes, Segura, and Vice Chairperson Lee were not present during roll call and the Ward 2 – Business Commissioner Position was vacant. All other commissioners were present. Commissioner Mayes arrived during the presentation of Item 2.

Public Comment

1. Public Comment

Chairperson Mendez called for public comments. Ernie Benzor asked for support for memorial receptions for members of the Casa Blanca community and provided a handout addressed to the City Council.

Discussion Calendar

2. Brown Act Discussion (no staff report).

Kristi Smith, Chief Assistant City Attorney from the City Attorney reminded the Commission of Brown Act requirements for discussing items. The Commissioners discussed the item and asked questions to clarify the information presented. Commissioner Fine suggested a recurring item on the agenda that can be discussed without violating the Brown Act. Kristi Smith indicated recurring items are acceptable.

Chairperson Mendez called for public comment but there were no requests for comment from the public.

3. Amend Meeting Rules Regarding Election of the Chair and Vice-Chair.

Kristie Thomas, Interim Budget and Revenue Manager introduced the recommended change to the timing for the election of the Commission Chair and Vice-Chair. It was recommended the vote take place in May instead of April as required in the Commission by-laws.

There were no requests for comment from the public. Commissioner Hart moved that Commission By-laws be amended to reflect the election of the Commission Chair and Vice-Chair take place in May, Commissioner Fine seconded the motion. The motion was approved by 14 Commissioners. Commissioners Arballo, Segura and Vice-Chairperson Lee were not present for the vote. The Ward 2 – Business Commissioner Position was vacant.

4. Consolidated Report on Department Accomplishments, Goals, and Operational Performance – Second Quarter of Fiscal Year 2017/18 (October-December 2017)

Cheryl Johannes, Internal Audit Manager from the Office of Organizational Performance and Accountability presented the Fiscal Year 2017/18 Second Quarter Consolidated Report on Department Accomplishments, Goals, and Operational Performance.

Chairperson Mendez called for public comment but there were no requests for comment from the public. There were no questions or comments from the Commissioners.

5. Recommendations to the City Council on the Fiscal Year 2018-2020 Two-Year Budget and 2018-2023 Five-Year Financial Plans–General Fund and Measure Z

Chairperson Mendez called for a vote to allow the distribution of 4 handouts:

- *“FY 2018-2023: Recommendations to City Council” 9 slide PowerPoint presentation handout – 5 pages (presentation also to be shown to Commission on screen)*
- *“Public Agency Retirement Services (PARS) Pension Rate Stabilization Program (PRSP)” handout – 17 pages*
- *“General Fund Unfunded Needs – Operating FY 2018-20 Two-Year Baseline Budget Updated February 22, 2018” handout – 5 pages*
- *“General Fund Proposed Balancing Measures FY 2018-20 Two-Year Baseline Budget” – 18 Pages*

The items were not available when the BEC agenda was posted. Commissioner Tavaglione moved the handout and presentation be approved, Commissioner Mackenroth seconded the motion. The motion was approved by 14 Commissioners. Commissioners Arballo, Segura and Vice-Chairperson Lee were not present for the vote. The Ward 2 – Business Commissioner Position was vacant.

Adam Raymond, City Chief Financial Officer/Treasurer presented the recommendations for the Fiscal Year 2018-2020 Two-year budget and 2018-2023 Five-Year plan for the General Fund and Measure Z. The recommendations to City Council represent updated information based on feedback from the Commission, department management, and the City Manager’s Office. Adam Raymond also provide an overview of the prioritization of unfunded needs and updated balancing measures proposed by departments.

Chairperson Mendez called for public comment. The following are members of the public that made comments:

- Alex Blacutt – supported the inclusion of funding for the Housing First program in the budget.
- Soren Weber – supported the inclusion of funding for the Housing First program in the budget.

The Commission discussed the agenda item with specific comments and clarifying questions regarding:

- General Fund surplus and reserves. Marianna Marysheva discussed the impact of reserve levels on bond ratings and the importance of having a balanced and sustainable budget plan to keep rating levels high.
- Future increases in labor costs including the CalPERS unfunded liability and discount rate impacts
- Funding set aside for future CalPERS costs and the (PARS) Pension Rate Stabilization Program
- Future General Fund shortfalls and the City's plan for addressing shortfalls

The Commission also reviewed the updated proposed balancing measures for each of the departments as presented on the 18 page handout *“General Fund Proposed Balancing Measures FY 208-20 Two-Year Baseline Budget.”* Discussed the balancing measures and what has changed from the departments’ original presentation to the Commission on January 30 and 31, 2018:

Department	Changes from Department Presentations
City Clerk	No change from department presentation.
City Manager	No change from department presentation.
Community and Economic Development	Reinstated Code Enforcement positions to be removed (2). Reduced professional services and training costs to offset. Savings from vacant position will also offset cost of the position.
Finance	No change from department presentation.
Fire	No change from department presentation.
General Services	Reinstated Facility Maintenance reductions for energy efficiency needs.
Human Resources	Reinstated the Senior HR Analyst position for Cal OSHA needs. HR looking for outsourcing options.
Innovation and Technology	No change from department presentation.

Department	Changes from Department Presentations
Library	Reinstated securing guard services at the Arlington and Marcy branches and funding for purchase of books, media, library materials, and operational needs. Reinstated Library Assistant positions (2). Department still meets 4% reduction target.
Museum	No change from department presentation.
City Attorney	No change from department presentation.
Parks, Recreation, and Community Services	<p>Reinstatement of part-time positions and security guards at the Dales Senior Center/White Park. Reinstatement of funding for printing, building maintenance, camp excursions, senior programs, Santa Ana River Trail Family Bike event, Villegas park end of summer concert, summer concerts, fireworks, water play features, community pools, and various recreation supplies.</p> <p>Commissioner Plascencia expressed opposition to discontinuing the Mariachi Festival and replacing with a Mariachi performance during the summer concert series.</p>
Police	No change from department presentation.
Public Works	Reinstatement of funding for landscape maintenance and repair, tack oil for streets, and concrete/slurry/paving work. Adam Raymond noted Crossing Guard service costs continue to be evaluated. Savings from vacant position will offset cost of landscape maintenance.

Also discussed additional measures for managing the budget including sponsorships, building energy efficiency savings, and Public Utilities/Public Works Resource sharing.

General comments from the Commissioners about balancing measures included the following:

- Commissioner Montgomery inquired about City department efforts to curtail the increase of labor costs and requested more information about the savings, or cost, of the Partnership Compensation Model (PCM) for FY 17/18. Adam Raymond referenced a previously released report that presented PCM impacts and indicated the Commission could be provided a copy.
- Commissioner Mackenroth expressed the need to control the number of employees as a method for controlling labor costs.
- Commissioner Fine was opposed to “across the board” cuts. He indicated that the components of the City’s Mission should be prioritized and cuts should be made to components that have less priority.

The Commission also reviewed the critical unfunded needs as presented on the 5 page handout “*General Fund Unfunded Needs – Operating FY 2018-20 Two-Year Baseline*”

Budget Updated February 22, 2018” and discussed staff recommendations for funding some of the unfunded needs:

Department	BEC Feedback for Staff Recommendations
Community & Economic Development	<p>Commissioner Fine supported adding Festival of Lights to the budget but the funding source should be determined at a future time and any revenue increase should be reflected as an offset to increases in cost. Measure Z should not be identified as the funding source. Chairperson Mendez also expressed concern with Measure Z funding of this item.</p> <p>Chairperson Mendez expressed support for funding the Innovation District although not recommended by City Staff on the handout.</p> <p>Chairperson Mendez, Commissioner Fine, Plascencia also expressed support for funding the Public Information Representative in the One-Stop Shop although not recommended by City Staff on the handout.</p>
Finance	<p>Commissioner Fine expressed support for Finance training.</p>
Fire	<p>Commissioner Fine expressed support funding for radios. He also expressed support for funding Safety clothing (turnouts) and technology for the Hazmat monitors replacement program although not recommended by City Staff on the handout.</p> <p>Adam Raymond asked if there were any Commissioners that objected to funding radios as a priority. No Commissioners indicated they opposed but Chairperson Mendez expressed concern about the cost.</p> <p>Commissioner Mathis expressed support for funding additional Fire Fighters although not recommended by City Staff on the handout.</p> <p>Commissioner Hart inquired about the date the City would know if it was awarded the Grant for the radios. Adam Raymond reported it would be about 6-12 months. Commissioner Fine inquired if the Grant could be phased in to allow City to manage the cost of matching grant funding.</p> <p>Commissioner Fine also expressed he had not opposition to funding any Fire items with Measure Z revenue.</p>
Human Resources	<p>Adam Raymond asked if there were any Commissioners that objected to funding Citywide training as a priority. No Commissioners indicated they opposed.</p>
Innovation & Technology	<p>Adam Raymond asked if there were any Commissioners that objected to funding Innovation initiatives for the Innovation Lab division as a priority. No Commissioners indicated they opposed.</p>
Library	<p>Adam Raymond asked if there were any Commissioners that objected to funding of public computer replacement, firewall, and web filtering needs as a priority. No Commissioners indicated they opposed.</p>
Mayor	<p>Adam Raymond asked if there were any Commissioners that objected to the Mayor’s Office request that no unfunded needs be giving priority. Commissioner Fine did not oppose although he expressed support for ensuring Mayor Office employees are treated equally. Marianna</p>

Department	BEC Feedback for Staff Recommendations
Mayor (Continued)	Marysheva, Assistant City Manager, confirmed that Mayor Office employees are treated equally and are entitled to reimbursements of mileage.
Museum	Adam Raymond asked if there were any Commissioners that objected to funding a Manager of Institutional Advancement as a priority. No Commissioners indicated they opposed.
City Attorney	<p>Commissioners Montgomery and Hart expressed concern with funding City Attorney special programs with Measure Z revenue and wanted more information about the special program.</p> <p>Commissioner Fine also expressed concern with funding with Measure Z revenue and was opposed to funding the special programs as recommended by City Staff. Chairperson Mendez agreed with Commissioners Montgomery and Fine.</p>
Parks, Recreation, and Community Services	<p>Commissioner Plascencia expressed support for funding the Arlington Youth Innovations Operations as a priority. Chairperson Mendez inquired if there would be CalPERS impacts for adding staff for the operations and can the function be outsourced. Adam Raymond indicated outsourcing can be considered but the department is recommending personnel be hired for to lead operations.</p> <p>Commissioner Fine expressed concern that other items such as the Mariachi Festival was eliminated but new items are being prioritized on the unfunded need list.</p>
Public Works	<p>Adam Raymond asked if there were any Commissioners that objected to funding of a Tree Maintenance Inspector and Palm Tree trimming as a priority. Chairperson Mendez expressed concern with hiring additional staff and suggested outsourcing be considered to save money and allow flexibility.</p> <p>Commissioner Montgomery indicated that the Mobility Planning Staffing should be given less priority for funding due to the cost.</p>

General comments from the Commissioners about adding unfunded needs to the budget included the following:

- Commissioner Fine expressed concern with identifying funding source at this time and would like more focus on priority items with funding sources labeled as "To Be Determined" (TBD).
- Commissioner Hart recommended that any items added to the budget should not be funded indefinitely if the item does not generate revenue to support the program/function. Any funding should be reduced over time.
- Chairperson Mendez is generally in favor of adding items that directly or indirectly generate additional revenue for the City.

- Commissioner Mackenroth commented that funding for the Archive at the new Library could have been used to meet some of the more critical unfunded needs.

Approval of Minutes

6. Commissioner Hart moved that the January 24, 2018 minutes be approved as submitted, Commissioner St. Pierre seconded the motion. The motion was approved by 10 commissioners. Commissioners Arballo, Delgado, Fierro, Lyell, Segura, Tavaglione, and Vice-Chair Lee were not present for the vote.

Miscellaneous Budget Engagement Commission Items

7. Items for Future Agendas and Updates from City Staff
 - Adam Raymond, City Chief Financial Officer/Treasurer indicated that staff was working on requested agenda topics (employment contracts and cost impacts as well as utility rate increase impacts to the City) as requested by Commissioners and anticipates the items will be available for the March 15, 2018 Agenda. Additionally, 5-Year plans for City Enterprise Funds will be presented during the March 15, 2018 meeting.
 - Chairperson Mendez indicated that the Commission should provide more input into the content of the Commission agendas prior to public posting. Chairperson Mendez also suggested a sub-committee of 3-5 Commissioners to develop agenda topics. Commissioner Fine supported Chairperson Mendez's recommendation.
8. Approve Absence of Commissioners Mayes, Tavaglione, Badger, and Fierro from the January 30, 2018 BEC Special Meeting and Commissioners Lyell, Tavaglione, Scarano, Badger from the January 31, 2018 BEC Special Meeting.

Commissioner Hart moved that the absences be approved, Commissioner Mackenroth seconded the motion. The motion was approved by 10 commissioners. Commissioners Arballo, Delgado, Fierro, Lyell, Segura, Tavaglione, and Vice-Chair Lee were not present for the vote.

Adjournment

Chairperson Mendez adjourned the meeting at 8:32 pm and announced the next special meeting date, is Thursday, March 15, 2017 at 4 pm.

Respectfully Submitted,



Ruby Castillo
Management Analyst – City of Riverside