

**CITY COUNCIL
CITY OF SONORA
SPECIAL MEETING
JUNE 27, 2011**

A Special Meeting of the City Council of the City of Sonora was held this date in the Council Chambers at City Hall at 5:00 P.M.

The following members were present: Mayor Bill Canning, Mayor Pro-Tem David Sheppard, Councilmembers Ronald Stearn, Hank Russell, Matt Hawkins; City Administrator Tim Miller, City Clerk Marijane Cassinetto, Community Development Director Rachelle Kellogg, Finance Director Karen Stark, Lieutenant Patrick Tonegato in the stead of the Police Chief, Fire Chief Mike Barrows. Absent: Attorney Richard Matranga, Police Chief Mark Stinson and Engineer Gerard Fuccillo.

CITY CLERK'S POSTING OF THE AGENDA

City Clerk Cassinetto advised the Council that at 1:55 p.m. on the 23rd day of June, 2011, the Agenda for this Special Meeting was posted outside City Hall for public view.

NEW BUSINESS

Fiscal Year 2011-2012 Budget Adoption

Recommending adoption of the 2012 Budget as revised and presented, Administrator Miller gave his Staff Report stating that the revised General Fund Budget reflects the direction given at the June 20, 2011, Council Meeting. The Measure I, Redevelopment Agency and other Special Fund budgets remain unchanged from the original draft submitted to the Council at its June 6, 2011, Meeting. The revisions presented tonight reflect cost decreases that reduce the original \$228,700 deficit by \$181,500.

Further, the General Fund Budget reflects a ten percent reduction in salaries and associated costs for the management and miscellaneous bargaining groups that will be implemented through furloughs and/or salary reductions. The additional General Fund savings that will be realized from this action totals \$123,400. Between this expense reduction and the cost savings described above, the General Fund will end with a surplus of \$76,200. If the City is not successful in deferring the COLA's that are part of the current management, miscellaneous and firefighters MOUs, the projected \$76,200 surplus will be reduced by \$67,900, leaving a FY 2012 General Fund surplus of \$8,300. Any additional savings achieved through the on-going meet and confer process with the other bargaining groups will add to this surplus.

As part of the adoption of the City Budget, the Council will need to adopt resolutions setting the Annual Appropriations Limit and

authorize funding for the Redevelopment Agency in an amount not to exceed \$374,900.

Stating that it has been a challenging year, Miller thanked staff and Finance Director Stark for their hard work in preparation of the Budget.

Councilmember Stearn noted the PERS rate increases stating that the City is now paying for the contributions that the employees has funded in the past. Mayor Pro-Tem Sheppard stated that all other cities and counties are considering reduced employer PERS contributions with future hires getting restructured PERS rates.

Councilmember Hawkins suggested possible change to a 401K type system to get away from PERS. Councilmember Russell felt that the increases are due largely to the change to 3% at 50.

Mike Barrows, City Fire Chief and President of the Management Association, stated that projected PERS costs were far less than are actual at present, and that there is a need for an actuary to figure out existing and future contributions. Barrows also stated that it is not a simple task to switch from one system to another. Both Mayor Canning and Chief Barrows stated the need to work with what we have and navigate through it to make it all work.

City resident Dave Port asked for an explanation of the amounts presented tonight. Councilmembers offered explanations. Administrator Miller stated his goal to reduce costs where they can be reduced to create a surplus, and the only way to achieve a balanced budget is to reduce personnel cost; the City has to start somewhere, and this is the year it starts.

A full copy of the proposed Budget, inclusive of all information presented, is on file in the Office of the City Administrator for review, and is made a part hereof by reference. A copy of the 2012 Budget Review showing amounts presented at the June 6, 2011, Meeting, and the amounts presented this evening is attached hereto as Exhibit "A", and included herein and made a part hereof by reference.

MOTION by Councilmember Stearn, second by Councilmember Hawkins, and unanimously carried that the Fiscal Year 2012 City Budget be adopted including the revisions identified.

ADJOURN FROM SPECIAL SESSION INTO THE SONORA REDEVELOPMENT AGENCY MEETING

Council adjourned into the Sonora Redevelopment Agency Meeting at 5:45 p.m., and reconvened into the Special City Council Meeting at 5:48 p.m.

NEW BUSINESS Cont.

Resolution No. 06-72-2011-A. The Council considered adopting Resolution No. 06-27-2011-A which establishes the 2012 Appropriation Limitation for the City of Sonora. Finance Director Stark presented the Resolution recommending approval and reporting that the City has elected to use the percentage increase in California per capita personal income of 2.51% instead of the percentage increase in assessed value from new, non-residential construction of .5997%. In addition, the City will use Tuolumne County's annual population percentage increase of .42%.

MOTION by Councilmember Russell, second by Councilmember Stearn, and unanimously carried that Resolution No. 06-27-2011-A be adopted establishing the 2012 Appropriation Limitation for the City at \$35,558,909.

Resolution No. 06-27-2011-B. The Council considered adopting Resolution No. 06-27-2011-B which authorizes funding for the Sonora Redevelopment Agency for the Agency Budget adopted on June 27, 2011, for Fiscal Year 2012. Finance Director Stark presented said Resolution recommending approval and reporting that the Redevelopment Agency has to operate in a deficit position, and does not have sufficient revenues to pay for current expenses. Therefore, monies must be borrowed from another source, and the City currently uses the General Fund to fund Redevelopment Agency expenditures.

MOTION by Councilmember Stearn, second by Councilmember Russell, and unanimously carried that Resolution No. 06-27-2010-B be adopted authorizing use of General Fund monies to fund the Redevelopment Agency expenditures for Fiscal Year 2012.

ADJOURN

There being no further business, the Council Meeting was adjourned at 6:52 p.m. to the Regular Meeting to be held on Tuesday, July 5, 2011, at 5:00 p.m. at City Hall.

Marijane Cassinetto, City Clerk Date