

**OROVILLE CITY COUNCIL – OROVILLE REDEVELOPMENT AGENCY
MEETING MINUTES
OCTOBER 5, 2010 – 6:00 P.M.**

The agenda for the October 5, 2010 joint meeting of the Oroville City Council and the Oroville Redevelopment Agency was posted on the bulletin board at the front of City Hall on Thursday, September 30, 2010 at 2:32 p.m.

The October 5, 2010 joint meeting of the Oroville City Council and the Oroville Redevelopment Agency was called to order by Mayor Jernigan at 6:00 p.m.

ROLL CALL

Present: Council Members/Commissioners Corkin, Hatley, Pittman, Simpson, Wilcox, Vice Mayor
Johansson, Mayor Jernigan
Absent: None

RECOGNITION OF INDIVIDUALS WHO WISH TO SPEAK ON AGENDA ITEMS - None

REGULAR BUSINESS

1. APPOINTMENT TO THE PARK COMMISSION – staff report

The Council conducted interviews and considered making an appointment to the Oroville Park Commission to fill the vacancy that was created by the resignation of Lani Fridrich. **(G. Harold Duffey, City Administrator)**

The Council interviewed three candidates to serve on the Oroville Park Commission:

- Carolyn Norton-Broome
- John Peel
- Machel Conn

After the interviews, the Council appointed City resident, Machel Conn, to serve on the Oroville Park Commission for a term ending on June 30, 2014.

2. REVENUE ENHANCEMENT AND EXPENDITURE RECOMMENDATIONS – staff report

The Council/Commission reviewed revenue enhancement and expenditure reduction suggestions submitted by City employees to the Executive Leadership Team. The suggestions were in response to an invitation from the City Administrator to have employees share their ideas and concepts to reduce expenditures and increase revenues. **(G. Harold Duffey, City Administrator)**

G. Harold Duffey, City Administrator, explained that the revenue enhancement and expenditure reduction suggestions include adjusting fees, reviewing existing operations and redefining how the City does business. Suggestions include Increasing fees for services provided by the Oroville Police Department, using Indian Gaming grant funds to fund a part time Police Dispatcher, reviewing the

City's vehicle take home policy, consolidating cell phone service, discontinuing the professional printing of the City's quarterly newsletter, implementing an electronic entrance sign board marketing concept, market assessment of franchise agreements and lease and rental property services, increase fees for card room licensing, fee for rental housing inspections by Fire Marshall, installing an automatic phone answering system at main phone line, revising planning user fees to cover the City's cost to provide planning services, and revising public works/engineering fee schedule to cover the City's cost to provide public works and engineering services.

Increased Fees for Police Services

Interim Police Chief Bill LaGrone explained that a survey of local law enforcement agencies has revealed that the fees charged by the Oroville Police Department (OPD) for similar services are significantly lower than those of the other agencies. Each service provided by OPD has an associated cost in staff time and in materials. If the fees were increased on three fee types - alarm permits issued, stored vehicles released and impounded vehicles released, approximately \$41,610 in revenue would be returned to the General Fund.

Consolidated Cell Phone Service

G. Harold Duffey, City Administrator, explained that consolidating the City's cell phone service by contracting with one service provider will allow minutes to be pooled and shared resulting in an annual savings of \$3,000.

City's Vehicle Take Home Policy

G. Harold Duffey, City Administrator, explained that the City's policy on using City vehicles to commute to and from work should be reviewed. The cost of fuel and the wear and tear on City vehicles is a considerable expense, totaling more than \$63,000 annually.

Police Dispatch

Interim Police Chief Bill LaGrone explained that in September, 2010, the Butte County Indian Gaming Local Benefit Committee provided written clarification to OPD regarding allowed uses of the Indian Gaming grant funds. The funds are to be used for costs associated with police report transcription services and to pay the salary and benefits of a part time (20 hours per week) Police Dispatcher. Using \$33,383.20 in grant funds to fund the part time Police Dispatcher position will allow for enhanced services (i.e. faster response time) to citizens and will not negatively impact the General Fund.

Rental Housing Inspection Program

Fire Chief Charles Hurley explained that there are 57 multi-family complexes that are required to be inspected annually by the Fire Marshall. Inspection of these properties reduces the potential for fire and ensures that every unit has a functioning smoke detector. The fee schedule set for these inspections is \$310 per complex. Chief Hurley explained that these inspections will generate \$17,670 in revenue annually.

Electronic Signboard at Oroville's North and South Entrances

G. Harold Duffey, City Administrator, explained that Community Marketing Partners (CMP) has offered to install a "Welcome to Oroville" electronic signboard at the north and south entrances to the City. CMP would pay the City an annual fee for ground use and a percentage of the gross sales

generated from the signs. A percentage of display time would be offer to the City of Oroville and the

Oroville Area Chamber of Commerce for community events. CMP would pay all operating costs, liability insurance and maintenance of the sign. They would also provide all design elements including engineering, power, permitting and processing. Mr. Duffey explained that the estimated revenue generated is \$30,000.

Quarterly Newsletter

G. Harold Duffey, City Administrator, explained that by eliminating the professional printing of the City's quarterly newsletter and providing an electronic version only (small quantity would be printed in house to display in lobby of City Hall) there would be a cost savings of \$1,400.

Automatic Phone Directory System

G. Harold Duffey, City Administrator, explained that installing an automatic phone directory system to automatically route calls to main phone numbers of each department at City Hall would free up staff that directly answers the phone. This would allow staff to provide better customer service at the front counter and callers would benefit by being able to directly connect with the department they wish to contact.

Franchise Contracts and Lease/Rental Property Services

G. Harold Duffey, City Administrator, explained that the City has a number of properties that it charges use or rental fees that may not be at the current market rate. Staff will conduct a market assessment to determine if the fees are below market rate. Mr. Duffey explained that staff is reviewing existing franchise agreements to determine if all services under each agreement has been rendered. If the services under the agreement have not been provided and the City wishes to have the services start immediately, a minimum annual savings of \$50,000 in operating costs could be realized.

User Fees for Planning Services

Rick Walls, Director of Public Works, explained that the current fee schedule for planning services does not cover the costs associated with providing those services. The City's planning services fees were last updated in 2005 and were based on an inaccurate cost of services study. Mr. Walls explained that a new cost of services analysis should be completed for planning services user fees. The revision of user fees will generate additional revenue to support department operations.

Vice Mayor Johansson expressed concern that if fees are raised for planning services then developers may be less likely to build in Oroville.

Council Member Pittman was concerned about charging a pre-application fee for a project or development and then not allowing the project to move forward.

User Fees for Engineering/Public Works Services

Rick Walls, Director of Public Works, explained that the current fee schedule for engineering/public works services (encroachments, land development, maps, etc.) does not cover the costs associated with providing those services. The City's engineering/public works services fees were last updated in 2005 and were based on an inaccurate cost of services study. Mr. Walls explained that a new cost of services analysis should be completed to update the user fees for engineering/public works services and increase revenue for the department.

G. Harold Duffey, City Administrator, explained that other suggestions for revenue enhancement and expenditure reduction that would require voter approval include creating a tax mechanism for medical marijuana, increasing local sales tax by ¼% to provide supplemental funding for public safety, the

consideration of merging the Oroville Fire Department (OFD) with El Medio Fire District and/or Butte County's Cal Fire or reducing OFD to a volunteer fire department to reduce costs and discussing the possibility of Oroville Hospital providing paramedic/medical aide response services.

Regulation of Medical Marijuana

G. Harold Duffey, City Administrator, explained that the State of California and several other California cities are considering taxing medical marijuana as a mechanism to generate revenue.

¼% Local Sales Tax Increase for Public Safety Funding

G. Harold Duffey, City Administrator, explained that increasing local sales tax by ¼% could provide supplemental funding for public safety.

Fire Chief Hurley explained that several cities and communities in California have increased their local sales tax by ¼% or ½% to successfully fund public safety departments. The potential revenue that could be generated from ¼% sales tax rate increase could be as much as \$600,000 annually.

Medical Aid Cost Recovery and Reduction

G. Harold Duffey, City Administrator, explained that the City of Oroville should evaluate how it responds to emergency calls and who should the City partner with to reduce the overall expenditures for fire and medical services. The City should examine the merits of the Oroville Fire Department merging with El Medio Fire District or contracting with Cal Fire as Butte County does for fire and medical services. The City of Oroville needs to be sustainable and the true costs to provide service must be identified. Mr. Duffey explained that the options are either to expand the City services by providing quality service to a larger population or reduce the Oroville Fire Department to a volunteer fire department once medical aid response has been shifted to another entity. The current overlap of services increases the cost of providing those services. Mr. Duffey explained that discussions with Oroville Hospital to provide paramedic/medical aid response could be initiated. Oroville Hospital could provide the same level of medical aid response service at a lower cost than the Oroville Fire Department.

Fire Chief Hurley recommended that, to recover the costs associated with providing medical response services, the City charge a fee for such services.

Mayor Jernigan suggested that, with Cal Fire continuing the station brown-outs in Butte County, the Oroville Fire Department could expand service to include Oroville's Sphere of Influence and provide better services at a lower cost than Cal Fire.

Bob Zollner spoke to the Council/Commission opposing reducing the Oroville Fire Department to a volunteer fire department, stating that volunteer fire departments are a thing of the past. Mr. Zollner emphasized that public health and safety would be at risk if the City no longer maintained a fire department.

Scott Beasley spoke to the Council/Commission regarding the regulation of medical marijuana. In Mr. Beasley's opinion, the City of Oroville should consider creating a tax mechanism to generate revenue from medical marijuana. Mr. Beasley requested a hearing or meeting with the appropriate party to present a solid business plan for a medical marijuana dispensary in the City of Oroville, to discuss the financial advantages and the other advantages of regulating medical marijuana in a safe and orderly environment.

Mayor Jernigan recommended that Mr. Beasley schedule an appointment with City Administrator G. Harold Duffey to discuss this issue.

The Council/Commission received the suggestions for revenue enhancement and expenditure reduction.

3. REVIEW OF BUDGET FOR FISCAL YEAR 2010/11

The Council/Commission reviewed the budget for fiscal year 2010/11.

G. Harold Duffey, City Administrator, gave a PowerPoint presentation regarding achieving a sustainable budget. Mr. Duffey explained that a sustainable budget has four dimensions:

- Solvency – the ability of government to pay its financial obligations
- Growth – fiscal policy that sustains economic growth
- Stability – the capacity of government to meet future obligations with existing tax burdens
- Fairness – the capacity of government to pay current obligations without shifting the costs to future generations

Mr. Duffey described sustainability as where the revenues meet or exceed the expenditures. In this year's budget, the revenues did not cover the expenditures. The Council elected to reduce the budget deficit by repayment of a loan to the Oroville Redevelopment Agency (RDA) over a three year period. To have a sustainable budget, Mr. Duffey emphasized the need for a healthy reserve or fund balance of 15% to 20% of the General Fund. In 2011/2012, the City should have approximately \$1.2 million dollars in reserve/fund balance. Mr. Duffey explained that during the next few months, funds from various accounts will be moved into the fund balance. These funds are one time funds and not renewable and should not be used for programs.

Mr. Duffey explained that capital improvement programs include equipment replacement and building repairs or replacement and must be included in the budget in order to keep the fund balance intact.

Mr. Duffey informed the Council/Commission that in order to obtain a sustainable budget, on October 19, 2010, staff will submit a proposal for Council/Commission approval to move funds from various accounts into the fund balance to build a healthy reserve, review full cost recovery for services delivered, examine ways to increase revenues and streamline operations, secure labor agreements that are fair and sustainable by giving raises that can be supported over the long term and balance the existing budget without taking payback from the RDA.

HEARING OF INDIVIDUALS ON NON-AGENDA ITEMS – None

ADJOURNMENT

The meeting was adjourned at 7:29 p.m. to a regular meeting of the Oroville City Council held on Tuesday, October 5, 2010 at 7:00 p.m.

Steve Jernigan, Mayor

G. Harold Duffey, City Clerk

David Pittman, Chairperson