

Clearlake considers tough budget choices

Contributed by Elizabeth Larson
Friday, 10 July 2009
Last Updated Saturday, 11 July 2009

THIS STORY HAS BEEN CORRECTED: THE COUNCIL PASSED THE REDEVELOPMENT AGENCY BUDGET LATER IN THE MEETING.

CLEARLAKE – Faced with choices that included laying off longtime staffers and cutting back important community services like code enforcement, the Clearlake City Council on Thursday decided to step back and reevaluate a final 2009-10 budget.

Last month, the council held two budget workshops to prepare a final budget, a draft of which was before them Thursday. The process to get that document there – which already has had significant changes since the workshop – hasn't been pretty, said City Administrator Dale Neiman.

“It's been miserable for the department heads and difficult on the employees,” Neiman said.

The city is feeling the affects of declining revenue due to the recession and the problems in the housing market, Neiman explained. At the same time, expenses are going up – among them costs for city employee health insurance and retirement programs.

In the past, the city has used its redevelopment housing fund to supplement the general fund, which it can't legally do, said Neiman. Doing so got the city sued several years ago.

The draft budget has a \$229,000 general fund deficit, with the city starting the fiscal year with \$540,000 in cash, said Neiman. By year's end, he estimated the surplus would dwindle to about \$200,000, with the city running out of money in a few years' time.

City staff has reduced costs to the point where Neiman worried they'll have some cost overruns.

Because the city can't increase its revenue, it has no choice but to make the budget cuts, he said, which include “tough personnel decisions.” Neiman said the idea was to make cuts in a way that would impact services to city residents as little as possible.

The city could realize \$100,000 with a renegotiated animal control services contract with the county or, failing that, could take animal control over, he said. In June the city cut the building inspector II position.

A proposal which raised the concerns of council members and citizens alike during the meeting involved eliminating the city's two code enforcement officers and handing over their work to police officers, who also would tow vehicles.

Community Development staff would take over paperwork and the building inspector would assume building abatement responsibilities. That reorganization would save an estimated \$128,000.

Other proposed cuts included eliminating the police chief's secretary, a savings of \$71,000 annually in salary and benefits. It was noted during the meeting that the employee in question has 17 years of service to the city and is its longest-serving employee currently.

Neiman said the choice was between the secretary or a police officer. With the department losing five officer positions since 2007, “We felt that we should not eliminate any more officers,” said Neiman.

Also proposed for layoff was one park maintenance position, which could be replaced by hiring a part-time person to fill the role during summer and part of winter. Neiman said staff recommended not filling an open police dispatcher position to save \$46,000 in salary and benefits, and freeze an open sergeant's position, which would save the city \$108,000. Modifying the police department's take home care policy would save \$48,000 annually.

Measure P, which supplies funding to the city's police force, had goals for city police coverage of one officer for every 500 residents, said Neiman. In 1996, the city had one officer for every 770 residents, and today that number has risen to one officer per 950 residents in the city.

“We obviously feel we've been going the wrong way,” he said.

Some options for the city to improve its revenue outlook is to have better enforcement and audits of bed tax, paid to the city by hotels and beds and breakfasts, said Neiman.

The budget for the coming year is balanced, said Neiman. The only good news in it is that they've managed to allocate \$1.6 million for street improvements, the majority of which comes from federal stimulus money.

Since 2007 the city has made \$5.9 million in street improvements, a fact Neiman credited to City Engineer Bob Galusha, who worked hard to get the money for Clearlake.

Neiman said City Clerk Melissa Swanson is tracking energy grant opportunities, and the city has a good chance of an \$82,000 grant.

He also proposed promoting Doug Herren, the city's public works supervisors, to the director position, with an annual salary increase of \$3,000 which will come from reducing Neiman's salary. “He's done a good job, he deserves it,” Neiman said of Herren.

Council wants to consider other options

Vice Mayor Judy Thein, who had more than 20 years experience in the city's finance department before being elected to the council, thanked city staff for its work on the budget before laying out her concerns about their proposals.

She began with code enforcement, which she said has “come a really long way” and been a valuable tool for the city. Thein said they've tried three times previously to have another department take over those duties, and it never worked.

With the city already short on police officers, Thein suggested an alternate plan, which would save the city the \$238,500 it would gain by cutting the four spots Neiman proposed.

Thein suggested that, for a one-year period, city positions could be reduced one pay step for a savings of about

\$75,000. For those jobs that can't be rolled back the one step, there would be an across-the-board 5 percent pay cut, from top to bottom, including council members, to save another \$148,000.

She said she's willing to assist with creating more revenue by assisting with stepping up the city's collections of bed tax, business licensing and other revenue collections.

Thein suggested holding off on a position until the July 23 meeting so the city could look at those alternative options.

Neiman said city staff met with the three employee associations to discuss a salary reduction. "Basically it was a no," he said. Thein suggested starting again and taking another look.

Councilman Curt Giambruno, who said he had a soft spot in his heart for code enforcement, had his own slate of suggestions.

They included reclassifying all positions to save money, giving management a 6-percent salary cut, laying off a part-time community service officer or limiting that job to 400 hours annually, reducing another job to 600 annual hours, holding off on vehicle purchases and capital expenditures for eight months — excluding purchases supported with grand funding — and mandating a budget review in February 2010 to balance revenue and expenditures.

Other proposals included no salary increases for 18 months for all employees, a salary decrease of 2 percent for all employees for 12 months or, as a last resort, reducing everyone's salary by 7-percent, which he said would mean no one loses a job.

Neiman said the suggestions made by Thein and Giambruno would require meet and confer with the city's employee unions. He suggested they set a deadline for reaching agreements.

"We have to reach agreement on most of these things, and it may not be possible," he said.

Giambruno said he believed everyone was ready to work together. "I just believe it can happen, and I believe it can happen in a relatively short period of time."

Council members Roy Simons and Joyce Overton both were against harming code enforcement but cutting the two positions.

Overton questioned if there really would be savings, since police officers are paid more than code enforcement officers. "You're going to have to prove to me that that's going to be a savings to us."

She agreed on setting a time frame and asked Neiman for an estimate. He suggested a month.

Police Chief Allan McClain said he doesn't want to give up his secretary or the code enforcement staff, but he didn't see any options. "We have cut everything there is to cut except personnel. So I have no place else to go."

He added that the fiscal situation "is the ugliest that I've ever seen in the 30 years I've been in law enforcement."

During public comment the council heard from Carl Carey, assistant director of the public employee division for Operating Engineers Local Union No. 3, which represents most of the city's employees.

He said he applauded the council for trying to spare employees from layoffs.

Reading a letter from the city's three employee unions — the Clearlake Police Officers Association, Municipal Employees Association and the Middle Management Association — Carey related that they believed the proposal to cut the chief's secretary needed to be reconsidered, because that position fulfills duties other staff can't.

But, primarily, Carey said he was there to address what he alleged was Neiman's failure to come to the bargaining table with the employee units, which he said has been going on since 2007 and which, at one point, resulted in an unfair labor practice complaint being filed against the city.

Carey, who said he's been in labor relations since 1986, said he's never seen such "blatant and continuous" breaking of labor negotiation rules.

"I think it's fair to say there's a disagreement on the facts," said Neiman, explaining that he did negotiate with the city did negotiate in 2007. At the midyear budget review that year Municipal Employee Association members received a 2.5-percent cost of living increase.

Had city employees received a salary increase in 2008, Neiman said the city would be facing bigger cuts today.

Thein said she believed everyone wanted the same thing. "I know this has been really hard for everybody."

Overton suggested that, based on what the state does with the budget, the city's situation can get worse.

She said the city's administration has taken cuts many people don't realize, including Neiman and Finance Director Michael Vivrette, who she said gave up money for other employees.

The council voted unanimously to further explore their options and continue the discussion at the July 23 meeting. After going back and forth on whether to hold over the redevelopment agency budget, the council passed it with no issues.

In other council business, the council also voted to accept a \$30,000 grant for crime mapping in the city and approved a policy for the use of Austin Park and Austin Beach.

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