CITY COUNCIL/REDEVELOPMENT AGENCY

AGENDA ITEM 10.01
PLACE: City Hall, Second Floor, Council Chambers, 5:30 p.m.

ATTENDANCE:

COMMITTEE MEMBERS:
Councilmember Dale Fritchken, Chair
Vice Mayor Katherine Miller, Vice-Chair
Councilmember Elbert Holman, Member

STAFF:

Gordon Palmer, City Manager
Johnny Ford, Deputy City Manager
Mark Moses, Deputy City Manager/Chief Financial Officer
Laurie Montes, Deputy City Manager
Ren Nosky, City Attorney
Katherine Meissner, City Clerk
Dianna Garcia, Director Human Resources
Blair Ulring, Assistant Chief of Police
Teri Bentz, Assistant to the City Manager
Janet Salvetti, Acting Director of Financial Management
Barbara Berlin, Deputy Director Planning
Patti Johnston, Deputy Director IT
Joe Maestretti, Budget Officer
Ethel Francios, Deputy Director Human Resources
Tammie Murrell, Deputy Police Chief
Bonnie Paige, Assistant City Clerk
Troy Broddrick, Captain Police Department
Connie Cochran, Public Information Officer
Kathleen Williams, Risk Manager
Kathleen VonAchen, Finance Officer
Cathy Lucas, Accounting Manager
Florence Low, Program Manager III
Carol Marshall, Program Manager III, Budget Staff
Eric Alvarez, Engineering Services Manager
Kathy Whitman, Revenue Officer
Darrell Raimer, Information Technology
Almarosa Vargas, CHAT Coordinator
Janice Machado, Supervising Office Assistant
Vicky Clark, Revenue Assistant II
Patty Vasquez, Administrative Aide (Recorder)
OTHERS:
David Siders, The Record
Mary Morley, Stockton City Employees Association
John Beckman, Building Industry Association of the Delta
Matt Baker, Stockton Professional Firefighters Local 456
Greg Biddle, Stockton Professional Firefighters Local 456
Dave Macedo, Stockton Professional Firefighters Local 456
Patrick Mayer, Stockton Police Officers' Association
Steve Kenethan, Stockton Police Officers' Association
Mark Anderson, Stockton Police Officers' Association
Steve Leonesio, Stockton Police Officers' Association
Brad Burreu, Stockton Police Officers' Association
Robert Molthen, Stockton Police Officers' Association
Lucas Woodwars, Stockton Police Officers' Association
Christian Sturdevant, Stockton Police Officers' Association
Jamie Morin, Stockton Police Officers' Association
Daniel Blum, Stockton Police Officers' Association
Louis Porta, Stockton Police Officers' Association
Kevin Knall, Stockton Police Officers' Association
Nick Sepulveda, Stockton Police Officers' Association
Mark Wilson, Stockton Police Officers' Association
Ron Zaluendo, Stockton Police Officers' Association
Ryan Taitariol, Stockton Police Officers' Association
Ben Cromwell, Stockton Police Department
Richard Buckley, Stockton Police Department
Thomas Hulbert, Stockton Police Department
William Teague, Stockton Police Department
Davin Parker, Stockton Police Department
Cody Johnson, Stockton Police Department
Eric Morrison, Stockton Police Department
Chris Carter, Stockton Police Department
Cameron Begbie, Stockton Police Department
Telly Strika, Stockton Police Department
Salvador Gomez, Stockton Police Department
Houston Sensabaugh, Stockton Police Department
Neto Urias, Stockton Police Department
Rury Ali, Stockton Police Department
David O'Brien, Stockton Police Department
Jose Estrada, Stockton Police Department
Joseph Martinez, Stockton Police Department
N. Nunez, Stockton Police Department
D. Grayman, Stockton Police Department
Gonee Sepulveda, Stockton Police Department
Anthony Cooper, Stockton Police Department
Lisa Askuf, Stockton Police Department
Esteban Arrueta, Stockton Police Department
Tim Swails, Stockton Police Department
Sat Le, Stockton Police Department
Mark Boling, Stockton Police Department
Julio Morales, Stockton Police Department
Nick Synder, Stockton Police Department
Jason Underwood, Stockton Police Department
Phiryn Var, Stockton Police Department
Kevin McDonald, Stockton Police Department
Angela McDonald, Stockton Police Department
Debbie Botto, Stockton Police Department
Patricia Sino, Stockton Police Department
Paul Doña, Stockton Police Department
Wegas Khan, Stockton 2020
Gary Tang, Stockton 2020
Nabeel Cajee, Stockton 2020
Raymond Zulueta, Stockton 2020
Dale Stocking, CCCoS
Woody Alspaugh
Willett Cody
Richard Lopez
Samnang Ven
Pamela Easter
David Renison
Linda Kelso
Marshall Cole
Gary Malloy
Barbel Sepulveda
Ruben Sepulveda
Kristine Hylton
Stephanie Morales
Tocan Nguyen

ISSUES/COMMITTEE RECOMMENDATION:

The items discussed by the Budget/Finance/Economic Development Council Committee were as follows:

ISSUE NUMBER 1: PUBLIC WORKS DEPARTMENT BUDGET
RECOMMENDATION: NONE. INFORMATIONAL ONLY

ISSUE NUMBER 2: FINANCIAL MANAGEMENT DEPARTMENT BUDGET
RECOMMENDATION: NONE. INFORMATIONAL ONLY
BACKGROUND

The issues being discussed were referred to the Council Budget/Finance/Economic Development Committee by the City Manager.

DISCUSSION

Committee Deliberations

Chair Dale Fritchchen opened the Council Budget/Finance/Economic Development Committee meeting of February 10, 2009 at 5:32 p.m. with Vice Chair Katherine Miller and Committee Member Elbert Holman, and others in attendance.

Chair Fritchchen stated the meeting tonight is not a City Council meeting it is the Budget/Finance/Economic Development Committee Meeting and thanked everyone for coming. He reminded everyone the Budget/Finance/Economic Development Committee meetings are being streamed live on the City's website and shown live on Channel 97. There is an e-mail address for the public to ask questions or make comments live during the meeting directly to the Committee. Informed the Committee he had received a very large amount of e-mails with suggestions on how to reduce the budget. He thanked Vice Chair Miller for compiling a list of all the suggestions in an understandable way, staff will follow-up on each of these suggestions.

Vice Chair Miller stated she thought it is important to the people providing input to know their comments have been received and staff will be reviewing all suggestions and report their findings back to the Committee. She informed the Committee a lot of e-mails were received, including many suggestions and some just wanting to vent, which is okay, all the e-mails were read. She read off the Summary of Citizens’ Comments Received by Budget Committee (Attachment #1), listing the main categories of e-mail comments – City-owned Properties; City Contracts; Redevelopment/Revitalization; Ideas to Increase Revenue; Ideas to Reduce Expenses. Wanted to assure the public input had been received; the list is being passed to the City Manager to have the proper department looking, and we will be reporting back publicly.

Committee Member Elbert Holman read off an e-mail comment from the Budget website – Subject: Movement of Police 911 to the SEB Building – Since there will be movement and long term operational costs, why is this project moving forward?

Chair Fritchchen stated the latest question will be added to the list and will be looked into. He requested an answer to each of the questions from Vice Chair Miller’s summary.

Chair Fritchchen presented to the Committee a PowerPoint presentation (Attachment #2) he prepared for the meeting. Budget information within the presentation was gathered from information presented at prior Budget/Finance/Economic Development Committee
meetings. Graphs within presentation showed a widening gap between revenue and expenses from 2003/2004 through 2009/2010. Revenue started slowing down after 2005/2006, and is projected to drop dramatically in 2008/2009 and 2009/2010. Drop is due to many factors, the main one being less sales tax, because of the economy, people are not purchasing as much as they did in the past, this is happening citywide, statewide and nationwide. Property values have been dropping causing the San Joaquin County Assessor’s Office to lower property values, which lowers the amount of property tax the City receives. City expenses did not match the reductions in revenue however the City has taken some measures toward reducing expenses, such as the voluntary separation program; hiring freezes and furlough program, in order to get expense under revenue. During the time expenses have been above revenue the City has been living off its savings, which has been steadily going down since 2005/2006. Revenue is expected to be less than originally projected for 2009-2010, based on the initial sales tax numbers coming in. Expenses are expected to go up, due to contracts with our employee groups – giving them raises, changes in benefits, cost increase in health benefits. Based on the City’s projections for the end of 2009-2010 and if everyone stays on budget the City’s Reserve Balance is anticipated to be about $3.6 million. If nothing is done by the end of 2009-2010 the Reserve Balance will be negative about $21.18 million. There are some funds that can be used to cover expenses such as monies set aside for Worker’s Comp claims; funds set aside for emergencies. This would be like using your credit card to pay your house payment, you can do for a while but after a while all of our available funds will be gone, at this time we do not know when that will be because everything is in flux. I have asked the Stockton Police Officer’s Association President, Steve Leonesio to come and speak at tonight’s meetings, let me give an update on the Police Department’s budget, which is estimated to be over budget approximately $600,000 at the end of 2008-2009. This Committee will be researching all suggestions, and will do everything it can before laying off employees, but we have to be fiscally sound as a City and avoid bankruptcy if at all possible. The City has an obligation to pay raises per agreements ultimately, but it may force the City into bankruptcy, everyone will have to work together.

Committee Member Elbert Holman read off e-mail comments from the Budget website – Where were 29 police officers laid off prior to the Committee recommendation to be made in March to the full City Council. Why have Budget/Finance meetings weekly if the City Manager can work without Council consent and void your actions? Where is the $40 million that was taken from the General Fund? Are you looking into the Asparagus Festival paying the City for police services? Are you looking into selling the arena? Have you thought about placing a fee on new homes built to pay for city services? Have you considered how long it will take to train and rehire the 29 officers when crime spikes and the citizens’ outcry demands an increase.

Steve Leonesio, Stockton Police Officers’ Association President thanked the Committee for the opportunity to speak to the Committee. He stated he had some suggestions and cost saving measures, based on statistics for this fiscal year. At the beginning of the year the City Manager and Council told all departments the next two years were going to have serious money issues and we should start thinking about some cost saving measures. Some bargaining groups to their credit did furloughs, we have not, this is a short term fix,
but everything helps. He stated per his research there has been a lot of wasteful spending totaling $39.3 million. He read off a list of examples from his research - the WAMU building why do we keep putting monies into it if we can not pay our employees; paid over $3.5 million to renovate Paragary's kitchen and equipment; $10 million to upgrade computers throughout the City; why use outside auditor firms when we have a City of Stockton Auditors.

Chair Fritchens stated he agreed and had told a reporter today that he believed the last two City Councils had given away the keys to the treasury.

Steve Leonesio, SPOA President continued with more examples from his research the Redevelopment Fund owes the General Fund millions of dollars; why pay outside attorney fees if we have in-house attorneys. The Stockton Police Officer's Association and the public need to start holding people accountable, by being disciplined or let go. The City Manager has had his hands in all this, each one of these wasteful spending examples were brought before the Council by his position as City Manager or as Redevelopment Agency Director. Regarding employee contracts this fiscal year there were four MOUs redone, at the time these contracts were open medical benefits were not discussed and furloughs were only discussed on three of the four MOUs.

Chair Fritchens informed Mr. Leonesio that all four MOUs were done by the prior Council, stating he would not have agreed to those MOUs.

Steve Leonesio, SPOA President, agreed those contracts were from the prior Council however the City Manager agreed to all of them, and all of those contracts received raises. Stated he is not bashing those unions they are getting the best they can for their units, however he feels the City Manager and Council are using the SPOA as an example for giving up anything. Informed the Committee the current SPOA contract was signed in 2005, and is the only union paying into their medical benefits - 20%; and retirement medical trust fund - 3%. Directed the Committee to the Stockton Police Officers' Association Wage History (Attachment #3), which is a ten-year history of raises to the SPOA, Salary Survey years. The current contract is a Salary Survey year, he directed the Committee to look at the dates specifically January 1, 2006 to July 1, 2008, for 30 months the SPOA only got a 2.8% raise after the Salary Survey. This was due to the contract being back loaded, meaning the SPOA got a certain percent for a certain period of time and they were to receive a higher percentage to ‘catch up’ to the industry standard. When the contract was signed in 2005 no one could predict the economic situation in 2008, this is not a negotiation, not an open contract it is a contractual dispute. Per the Salary Survey the police department shows this should be a 22.14% raise, while the City of Stockton says it should only be an 11.4% or 11.5% raise. He explained in a Salary Survey year the SPOA is compared to different agencies throughout the state that are similar in population and agency size, and we want to be the bottom of the top one-third, or fourth in pay after total compensation. The three big disagreements are what the City's costs for medical benefits and holiday/vacation comp rate and the percentage paid into PERS. SPOA has been told by the Human Resources Director and the City Manager based on the economic situation, they need to give something back to the City. He is personally opposed to the
furlough program based on one fact there are not enough officers on the street to take officers off for a furlough, however I agree with a furlough equivalent. The Human Resources Director and the City Manager have told the SPOA we need to have a global solution, meaning we need to take into effect the raise; the economic status of the City and due to the economic status we need to give something back, because everyone else in the City is. I say these are two different issues the raise and the give something back issue, they need to be settled separately, which is the stance the SPOA took from the beginning. He reported to the Committee the SPOA offers - first offer to settle at 15.35% - including only medical pay and holiday/vacation pay, not the PERS issue – the City denied this offer many times; second offer to settle at 14.4% - only medical pay, not holiday/vacation pay or PERS issues – the City continued to say they should only pay 11.4%. SPOA and City have now agreed on a mediator from San Francisco and will be splitting the cost. The SPOA offered a global settlement, which the City Manager denied. The SPOA’s final offer after a raise and giving back a furlough equivalent would be an increase of about 15.35%; this global offer was denied by City, and it was found out the City Manager has no authority to negotiate over 15%. Since mediation did not resolve these issues, this will now go forward to an arbitrator, which per the contract will be binding. What ever the arbitrator decides is binding, no recourse.

Chair Fritchen stated the leaders of all the bargaining units have communicated with him that they know the City is in financial trouble, and are willing to work with the City to do what they can. But all the units have said they are not willing to do anything until the police accept furloughs like they did, which causes a dilemma. This Committee can not make any deals or negotiate for the Council, but is trying to have all the units communicate to see what can be done. Stated he has commitment from the City Manager that if the SPOA agrees on furloughs or furlough equivalents the 29 officers laid off last week could return to work, for the rest of the year. Asked if the SPOA is willing to go back to the table and meet with the City negotiators regarding the furlough or furlough equivalents and the PERS Golden Handshake. If the arbitrator says the SPOA is owed 22%, this is binding and the City of Stockton does not have the money to pay this increase.

Steve Leonesio, SPOA President said he is willing to go back to the table if things look promising, there has to be something fresh, if they will be like the last six months no. The SPOA was not officer the PERS Separation Golden Handshake and he does not understand why.

Chair Fritchen stated the raise issue could take months to work out; the immediate issue is the 29 officers laid off.

Vice Chair Miller stated anything that gets the conversation rolling is great. The City of Stockton has only so much money - either they pay more people less or pay less people.

Committee Member Holman thanked Mr. Leonesio for bringing this information to the Committee and inquired why the Golden Handshake was not offered to the Police Department.
City Manager Palmer responded the Golden Handshake is based on current pay, and since the SPOA does not have an agreement on pay the City could not cost out what the end number would be. He would be available to meet with the SPOA when schedules work out to discuss the lay offs for the 29 officers and furlough equivalents.

Steve Leonesio, SPOA President stated he spoke to Kathy at PERS and informed the Committee the Golden Handshake could be offered at anytime at the current pay rate, and once a contract is agreed upon paperwork would have to be processed to make any adjustments for the retirees’ pay.

Citizen Carol Kern stated the City of Stockton needs to have common sense, an obligation to the citizens for their safety. Forbes Magazine named Stockton the worst city in America to live in.

Citizen Tocan Nguyen spoke to the Committee regarding crimes against humanity.

Nabeel Cajee, Executive Director of Stockton 2020 spoke regarding reinvesting in the library system to make it a world class library. State last month the Tracy Library was appeared in an article in the Wall Street Journal.

Citizen Richard Lopez informed the Committee that he can not afford to live in Stockton anymore, his car has been broken into 4 times and now he can not get insurance coverage. Suggested the police officers be placed outside all bars in Stockton to catch drunk drivers, the cost for a DUI is about $2,300 – which could increase revenue.

Citizen James Young stated he wanted to help the Police department and volunteer at the Asparagus Festival.

Issue One: Public Works Department Budget

Bob Murdoch, Interim Public Works Director presented a PowerPoint (Attachment #4) to the Committee regarding Public Works Department Budget. He stated Public Works will meet this year’s revised budget target, and have submitted a proposal to the City Manager on how they will meet next year’s budget target. Public Works Department overview includes transportation system; City’s fleet and equipment; City facilities; solid waste, Capital Improvement Program, Parks and City trees. Currently the department has 225 authorized positions with 27 vacancies, and has spent 52% of this year’s budget. The department will be within budget due to historically expenses being greater in the first part of the year; VSP and furlough savings; and in the spring maintenance staff is charged to non-General Fund capital projects, and overtime is down significantly. The plan for Fiscal Year 2009-2010 is a proposed reduction of 15%, this will be met by a contract for park maintenance; closing the Civic Auditorium; the Golden Handshake; reorganizing facilities maintenance division; tree maintenance will be reduced to safety only; reduce street maintenance.

Committee Member Holman asked how if the Civic Auditorium is a revenue source?
Bob Murdoch, Interim Public Works Director responded not really currently the department pays about $300,000 to $400,000 per year to cover utilities, it is not feasible to pass onto renters. Estimated if the facility is closed it would save about $330,000 per year, that factors in costs to maintain the facility in the current condition only. The HVAC is a very antiquated system and would need to be redone completely, to make it energy efficient. The cost to replace the HVAC system is approximately $1,000,000 to be energy efficient, and would take about 5 months. Department is looking into different sources of funds to renovate the building while closed.

Issue Two: Financial Management Department Budget

Janet Salvetti, Acting Director of Financial Management presented a PowerPoint (Attachment #5) to the Committee regarding the Financial Management Department budget as this department existed last week, prior to Information Technology returning to this department. She stated Financial Management would be meeting this fiscal year’s revised budget target and have a proposed plan to meet next fiscal year’s budget target. Financial Management Department overview includes Administrative Services; Financial Services; Revenue Services; Purchasing Services; Risk Services; and will now include Information Technology. Currently the department has 64 fulltime and 18 part time authorized positions, and spent approximately 44% of this year’s budget. The department will be within budget due to the hiring freeze; VSP retirements; Central Stores will be outsourced; delinquent collections will be outsourced and cost containment.

Chair Fritchen stated there is a large amount of businesses that do not have business licenses could that be a revenue source. Could the Fire Department check for licenses as they inspect buildings?

Janet Salvetti, Acting Director of Financial Management stated they are dealing with an antiquated system and have the most vacancies within the City of Stockton. Staff reduction is evident by the long lines in the lobby, and the shorted public hours.

Committee Member Holman read off an e-mail comments from the Budget website – Regarding business license support from the Fire Department; regarding requesting an audit of the improvements to the 4th floor of the WAMU building; regarding placing police officers at busy intersections to catch red light runners; regarding special assessments in new developments to pay for police and fire services; regarding police officer layoffs was this a scare tactic; and regarding the positive comments by the Committee Chair, they are distracting.

City Clerk Katherine Meissner read off an e-mail received – Why does Financial Management not process the Fire Department’s payroll, what is the system of checks and balance?

Chair Fritchen inquired what percentage of revenue the City of Stockton receives from traffic citations, and the possibility of special assessments for police and fire services.
City Manager Palmer will report back to the Committee on revenue collected from traffic violations, and the possibility of special assessments for new developments for police and fire.

Citizen Gary Malloy stated he read in the budget the city contributes 21% and pay 9% for the safety officers – is that part of the $89 million? I do not understand why the City is paying the officer's portion. Stated the biggest problem is police and fire retirements, they will need to bargain on their retirement, the City of Stockton needs to do something.

City Manager Palmer responded PERS charges the City 21% for public safety, and several years ago purchased a pension obligation fund, which paid about $89 million toward retirement for the police department. This is one of the issues we are currently having with the police department; we feel we should get credit for spending $89 million.

Due to the holiday on Monday, next meeting scheduled for Thursday, February 19, 2009 at 5:30 p.m. in the Council Chambers. Departments requested to make presentations – City Manager; City Attorney, City Council and Human Resources Department.

This concluded the formal presentation.

There being no further discussion, Chair Fritchen adjourned the meeting at 8:05 p.m.

COUNCIL BUDGET/FINANCE/ECONOMIC DEVELOPMENT COMMITTEE

______________________________
Councilmember Dale Fritchen, Chair

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Vice Mayor Katherine Miller, Vice Chair

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Councilmember Elbert Holman, Committee Member
CITY OF STOCKTON

CITY COUNCIL COMMITTEE
NOTICE

BUDGET/FINANCE/ECONOMIC DEVELOPMENT

DATE: February 10, 2009
TIME: 5:30 p.m.

PLACE: City Hall, Second Floor, Council Chambers

COMMITTEE MEMBERS:
Dale Fritchen, Chair
Elbert Holman, Member
Katherine Miller, Vice Chair
Susan Talamantes Eggman, Alternate Member

STAFF NOTICED:
J. Gordon Palmer, Jr., City Manager
Ren Nosky, City Attorney
Deputy City Managers
Connie Cochran, Public Information Officer
Carol Marshall, Program Manager III
Florence Low, Program Manager III
Janet Salvetti, Acting Director of Financial Management
Joe Maestretti, Budget Officer
Mahin Shah, Senior Administrative Analyst
Kimberly Trammel, Senior Administrative Analyst
Denise Gray, Administrative Analyst II
Kindelberg Morales, Administrative Aide I
Patty Vasquez, Administrative Aide II (Recorder)

RESPONSIBLE DEPARTMENT
AND STAFF FOR ITEMS ON THE
AGENDA:

OTHERS INVITED:
The Record

ISSUE(S) TO BE DISCUSSED:
1. Public Works Department Budget
2. Financial Management Department Budget

cc: City Council
For information contact Carolina Luces at 209-937-8215.
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<th>NAME (PLEASE PRINT)</th>
<th>COMPANY/ORGANIZATION</th>
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<td>Gary Malloy</td>
<td>Citizen</td>
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<td>Greg Biddle</td>
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<td>Ruben Sepulveda</td>
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<td>Mark Andresco</td>
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<td>Kathleen Williams</td>
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<td>Jamie Morris</td>
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<td>BARBARA BEGLIN</td>
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<td>Kathy Whitman</td>
<td>FINANCIAL MANAGEMENT</td>
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<td>Linda Kelso</td>
<td>CITIZEN</td>
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<td>Giovanna Gacio</td>
<td>HR</td>
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<td>&amp; Ben Cromwell</td>
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<td>david renson</td>
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<td>Janice Machado</td>
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<td>Davin Parker</td>
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<td>Cody Johnson</td>
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<tr>
<td>Eric Morrison</td>
<td>Stockton PD</td>
<td>916-203-7747</td>
</tr>
<tr>
<td>Chris Caster</td>
<td>SPD</td>
<td>993-3722</td>
</tr>
<tr>
<td>Cameron Bealby</td>
<td>Stockton PD</td>
<td>559-430-5406</td>
</tr>
<tr>
<td>Telly Strick</td>
<td>Stockton PD</td>
<td>916-348-1356</td>
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<tr>
<td>Salvade Gomez</td>
<td>Stockton PD</td>
<td>269-345-6424</td>
</tr>
<tr>
<td>Vicky Clark</td>
<td>COS</td>
<td>937-8853</td>
</tr>
<tr>
<td>Pamela Custer</td>
<td>1467 Michael Ave</td>
<td>430-4285</td>
</tr>
<tr>
<td>Houston Sensipough</td>
<td>Stockton PD</td>
<td>(609) 357-1597</td>
</tr>
<tr>
<td>Nieto Urzaz</td>
<td>Stockton PD</td>
<td>937-8377</td>
</tr>
<tr>
<td>Ruby Ali</td>
<td>Stockton PD</td>
<td>(209) 692-2347</td>
</tr>
<tr>
<td>David O'Brien</td>
<td>Stockton PD</td>
<td>937-8377</td>
</tr>
<tr>
<td>Jose Estrada</td>
<td>Stockton PD</td>
<td>559-5354</td>
</tr>
<tr>
<td>Joseph Martinez</td>
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<td>(916) 529-9475</td>
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<tr>
<td>M. Nunez</td>
<td>Stockton PD</td>
<td>937-8377</td>
</tr>
<tr>
<td>J. Grauman</td>
<td>Stockton P.D.</td>
<td>937-8377</td>
</tr>
<tr>
<td>NAME (PLEASE PRINT)</td>
<td>COMPANY/ORGANIZATION</td>
<td>PHONE NO.</td>
</tr>
<tr>
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</tr>
<tr>
<td>Horée Sepulveda</td>
<td>SPD</td>
<td>937-8377</td>
</tr>
<tr>
<td>Anthony Cooper</td>
<td>SPD</td>
<td>952-4743</td>
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<tr>
<td>Lisa Jalic</td>
<td>SPD</td>
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<td>Esteban Araceta</td>
<td>SPD</td>
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<td>Tim Smith</td>
<td>SPD</td>
<td>962-7864</td>
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<tr>
<td>Sat Le</td>
<td>SPD</td>
<td>610-88625</td>
</tr>
<tr>
<td>Sammang Ven</td>
<td>Citizen</td>
<td>470-6595</td>
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<tr>
<td>Richard Lopez</td>
<td>Citizen/Business Owner</td>
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<tr>
<td>Mark Boling</td>
<td>SPD</td>
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<tr>
<td>Julio Morales</td>
<td>SPD</td>
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<tr>
<td>Nick Gunther</td>
<td>SPD</td>
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<tr>
<td>Jason Underwood</td>
<td>SPD</td>
<td>937-8377</td>
</tr>
<tr>
<td>Phyllis Yar</td>
<td>SPD</td>
<td>937-8377</td>
</tr>
</tbody>
</table>

Date: 2/10/09

Name

| Pamela Eakin  | Fisher & Sons | 4304285 |
| Willett Coble | 1923 Medical  | 937-8377 |
| Kevin McDonald | SPD        | 527-7681 |
| Angela McDonald | SPD      | 463-5734 |
| Nancy Alaghbar     | SPD         | 943-1446 |
| Debbie Botto       | SPD         | 471-7094 |
| Patricia Sino      | SPD         | 937-8377 |
| Toan Nguyen       | RAF+CRA     | N/A      |
| Dale Stocking     | CCCoS      | 948-5478 |
| Paul Dona         | SPD         | 937-8377 |
Summary of Citizens' Comments Received by Budget Committee
2/10/09
(Grouping by Committee Vice Chair Miller)

City-owned Properties:
- WaMu
  - Source of funds for purchase and improvements
  - Cost of ownership – are leases “carrying” the cost?
  - Status of improvements
  - Timeline for relocation – consequences for delaying and redirecting funds
  - Expense to General Fund?
  - Sale of building to generate revenue? Net gain/loss?
  - Plan to lease space to generate revenue? Timeline?

City Contracts:
- Review Asparagus Festival contract
  - Annual cost to the City in services provided
  - Renegotiation
- Review and renegotiate all City contracts; revenue generating whenever possible, revenue neutral at the very least (IFG)

Redevelopment/Revitalization:
- Downtown Marina
  - Source of funds and ability to redirect funds
  - Status of improvements
  - Timeline for completion – consequences for delaying
  - Operation and maintenance after completion
    - Budget? (revenue vs expenses)
    - Expense to General Fund?
- All Nations housing project
  - Source of funds and ability to redirect
  - Timeline for completion – consequences for delaying
  - Expense to General Fund?
- Paragary’s
  - Source of funds
    - How were funds spent?
  - Expense to General Fund?
  - Revenue generation?
- Airport Way Corridor Redevelopment
  - Source of funds for recent acquisition?
  - Re-sell recently acquired properties to generate revenue and redirect those funds?
  - Timeline and funding sources for acquired properties?
Ideas to Increase Revenue:
- Bond measure to temporarily increase sales or property taxes; must include a “sunset” clause
- Buy A Brick program for City Hall steps or plaza
- Focused and collaborative economic development plan to recruit new employers to the community
- Can City employee contributions to United Way be directed to General Fund? (Must be initiated by employees and renewed annually)
- First responder fee for emergency medical care to cover expenses (not revenue generating, rather neutral)

Ideas to Reduce Expenses:
- Increase volunteer workforce to provide services currently provided by City employees (Pixie Woods, Children’s Museum, libraries, etc.)
- “Turn Off the Lights” program for all City employees in all locations
- Tighten oversight and controls for all City departments and programs (Sports Commission loss on the rodeo; contract with Chamber for CVB services; staff support to Asparagus Festival, etc.)
- Reduce number of high-salaried staff in City Hall (Deputy City Managers, Assistant to City Manager, etc.)
- Pay reductions to City Hall high-salaried staff
- Eliminate libraries/significantly reduce number of hours of service
- Don’t do an outside search for a new Police Chief; redirect those funds
- Immediate freeze on all City positions; no promotions, no salary increases
- Cut all positions created in the last 5 years (especially if positions were created to deal with increased work flow during development surge and funded by resulting higher revenues)
- Immediately conduct a survey of positions/salaries to ensure all employees meet requirements of current positions and salaries are within approved ranges (inequities now exist, damaging employee morale)
- Any open positions, which must be unfrozen and filled, should be filled with employees needing reassignment from other department, whenever possible
- Before cutting employee medical benefits, investigate current system for fraud and inefficiencies
  - Definition of legal dependent?
  - Married employees and ex-spouses filing multiple claims for same dependent treatments
  - City employees claiming spouses children from previous marriage as dependents (IRS verification of dependents required?)
- Upcoming Civil Service Commission agenda lists promotions for 10 SPD officers; cost to City?
- Department cuts should not be across the board; cuts should be relative to each department’s percentage of the budget; reduce the budget where largest percentage of the money is spent
- Four day work week – close all City departments (except public safety and public works) every Friday; corresponding salaries and facilities expenses cut
- Close all libraries Monday, Tuesday and Wednesday; open on Thursday, Friday, Saturday and Sunday only
- All City employees give up salary increases/COLA/CPI increases/etc. for three years
- Training of all City employees to be done by Supervisors, “in house”, including Police and Fire
- Eliminate all inter-department transfers in SPD for three years; keep trained employees in their position to reduce need for classes/training; current PD certificate program not essential to providing safety to residents – eliminate until economy improves and only provide truly essential safety services
- Eliminate all outside travel/training/education to City employees
- Cost analysis of monitoring security cameras city-wide
- Eliminate all recreation programs; only maintain parks until economy recovers
- Decrease management positions in all City departments; priority to be on employees “on the line” providing services to the public
- Hire an outside and independent consultant to evaluate SPD and recommend safest and most efficient means to reduce their budget
- Open the discussion on City bankruptcy; research pros/cons; present findings publicly
- Open discussion with all bargaining units on total compensation packages; benefits must be addressed; spouse/dependent health insurance should not be paid for by taxpayers
- Eliminate City employees taking City vehicles home at night (exception being detectives)
- Eliminate all temporary employees
BUDGET/FINANCE

February 10, 2009

A Widening Gap

[Graph showing revenue and expenses over years from 2003-2010]
Reserve Balance

In Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Reserve Balance</th>
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<tbody>
<tr>
<td>03-04</td>
<td>11.71</td>
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<tr>
<td>04-05</td>
<td>18.50</td>
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<tr>
<td>05-06</td>
<td>23.118</td>
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<td>13.703</td>
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<tr>
<td>07-08</td>
<td>9.627</td>
</tr>
<tr>
<td>08-09</td>
<td>1.674</td>
</tr>
<tr>
<td>09-10</td>
<td>-21.186</td>
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</table>

Where We Are

2008-09
Revenue 183,083,288
Expenses 189,035,500

Shortfall 5,952,212

2009-10
Revenue 172,548,712
Est. Expenses 197,410,391

Shortfall 24,861,679
## Police Budget v. Actual

<table>
<thead>
<tr>
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<th>Budget</th>
<th>Actual</th>
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<tr>
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<td>89,218,023</td>
<td>48,416,966</td>
</tr>
<tr>
<td><strong>(As of 12/31/08)</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Percentage of</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Budget Used</strong></td>
<td></td>
<td>54.3%</td>
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<tr>
<td><strong>Shortfall</strong></td>
<td>(3,807,955)</td>
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<tr>
<td><strong>Possible Savings</strong></td>
<td>2,107,955</td>
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<td><strong>Layoff Savings</strong></td>
<td>1,100,000</td>
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<tr>
<td><strong>Shortfall</strong></td>
<td>(600,000)</td>
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## Stockton Police Officers' Association (SPOA) Wage History

<table>
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<tr>
<th>DATE</th>
<th>TYPE OF ADJUSTMENT</th>
<th>PERCENTAGE</th>
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<td>08/01/98</td>
<td>Salary Adjustment</td>
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<td>01/01/99</td>
<td>COLA</td>
<td>3.36% (approx., no documentation)</td>
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<td>2.5%</td>
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<tr>
<td>01/01/01</td>
<td>COLA</td>
<td>3.1%</td>
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<td>COLA</td>
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<td>COLA</td>
<td>2.5%</td>
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<td>07/01/08</td>
<td>Salary Survey</td>
<td>9.5%</td>
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Public Works Department
Budget Overview

Presented to Budget/Finance/
Economic Development Committee
(February 10, 2009)

Department Overview
• Transportation System
• City Fleet & Equipment
• City Facilities
• Solid Waste
• Capital Improvement Program
• Parks (August 2008)
• City Trees (August 2008)
Department Staffing

- Authorized Positions = 225
- Number of Vacancies = 27
- Percent of Public Works General Fund Budget for Employee Services = 61%

Department Funding Sources

- General Fund
- Fleet
- Assessment District
- SJAFCA
- CIP
- Solid Waste
2008-09 General Fund Budget Update

Total Revised 08-09 Budget = $19,124,074  
(includes rollover budget)

Total YTD expenses (As of Dec 31) = $ 9,920,082

Over Budget (As of Dec 31) = $ 358,045

Percent of Budget Spent: 52%
Why Over/Under?

- Historically, expenses are greater in the first part of the year as materials are purchased and contracts executed
- VSP & Furlough savings will not be fully realized until second half of Fiscal Year
- Typically in the Spring, maintenance staff charge to non-General Fund capital projects
- Will be within budget by fiscal year end

General Fund Expense Trend

[Graph showing actual expenses from 2002 to 2008 with labels for costs shifted to CIP/Solid Waste/Developer Fees and added facility maintenance & community enhancement.]
Plan for Fiscal Year 2009-10

Proposed reduction = 15% or $2.9M

- Contract for Park Maintenance
- Close Civic Auditorium
- Reorganize Facilities Maintenance Division
- Tree Maintenance – Safety only
- Reduce Street Maintenance
QUESTIONS?
Department of Financial Management
Budget Overview

Presented to Budget/Finance/
Economic Development Committee
February 10, 2009

Department Overview

- Fiscal integrity and financial reporting are the basis of all services provided:
Department Staffing

- Authorized Positions = 64 FT / 18 PT
  - Actual FT = 44 (69%)
  - Actual PT = 9 (50%)

- Number of Vacancies = 20 FT / 9 PT

- Employee Services Budget = 66%

Department staffing (cont.)

- Severity of vacancy by Division:

<table>
<thead>
<tr>
<th>Division</th>
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<th>PT</th>
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<tr>
<td>OAdministration</td>
<td>50%</td>
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<td>OFinancial Services</td>
<td>18%</td>
<td>33%</td>
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<tr>
<td>ORevenue Services</td>
<td>33%</td>
<td>57%</td>
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<tr>
<td>OUtility Billing</td>
<td>21%</td>
<td>50%</td>
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<tr>
<td>OPurchasing</td>
<td>66%</td>
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<tr>
<td>ORisk Services</td>
<td>66%</td>
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Department Funding Sources

Financial Management
Total Cost = $10,018,097
GF = $2,962,259
Gen. Ins. ISF = $1,338,434
Utility Billing = $3,301,404
Other Funds = $2,416,000

2008-09 Budget Update

Total Revised GF Budget = $2,962,259
(incl. encumbrances)

Total YTD expenses = $1,315,781
• Thru Dec. 31, 2008

Over/(Under) Budget = $(1,646,478)
• Thru Dec. 31, 2008

Percent of Budget Expended = 44%
Reasons for Positive Results

- 20 FT/9 PT vacancies (hiring freeze) and VSP retirements
- VSP estimate exceeded by $153,325
- Continued vacancies in critical positions –
  - Purchasing Agent
  - Cash Control Auditor
  - Business License Revenue Supervisor
  - Fund Accountant
  - Payroll Assistant
  - Financial Statement Analyst

Expense Trends – General Fund Only
Overtime

- Steps taken to minimize/eliminate overtime
  - Training, extend time-frame financials completed, encourage alternative time usage

Plan for Fiscal Year 2009-10

2009-10 Proposed reduction = $246,682

Ideas/concepts/impacts to achieve goal:
1. Central Stores outsourced
   (2 phases; July 1 and January 1)
2. Delinquent Collections outsourced
3. Cost containment
Department Efficiencies

- Contracted with MBIA for continued business tax compliance enforcement
- Implemented online utility billing account access and payments
- Changed method of collecting billing deposits
- Delivery of direct deposits & W-2s via secure online access

Department Efficiencies (cont.)

- Improved purchasing processes through use of procurement cards
- Automated delinquency management
- Improved customer service through off-site payment locations for utility bills (Spring, 2009)
- Streamlined business license through online renewal system (March, 2009)
Department of
Financial Management

● Mark Moses, Chief Financial Officer
  ○ Janet Salvetti – Assistant Director
    ● Kathleen VonAchen – Finance Officer
    ● Cathy Lucas – Accounting Manager
    ● Kathy Whitman – Revenue Officer
    ● Kathleen Williams – Risk Manager
    ● Ed Wall – Senior Buyer
MINUTES
BUDGET/FINANCE/ECONOMIC
DEVELOPMENT COMMITTEE
FEBRUARY 10, 2009

Call to Order: 5:30 PM

Roll Call 5:30 PM
Present:
Councilmember Holman
Vice Chair Miller
Chair Fritchen

The following City staff and members of the Public were in attendance:

Mary Morley, IT
Deputy Director Patti Johnson, IT
Patty Vasquez, City Manager Office
Interim Finance Director Janet Salvetti
Deputy Director Barbara Berlin, Community Development - Planning
Director Dianna Garcia, Human Resources
Manager Mark Moses, CFO
Budget Manager Joe Maestreitti
Carol Marshall, Budget
City Attorney Ren Nosky
Deputy Chief Mark Helms, Police
Assistant Police Chief Blair Ulring
Art Gomez, Public
City Auditor Mike Taylor
City PIO Connie Cochran
Deputy City Manager Johnny Ford
Darrell Raimer, IT
City Manager J. Gordon Palmer, Jr.
City Clerk Katherine Gong Meissner
Assistant City Clerk Bonnie Paige
David Siders, The Record
Matt Baker, Fire
Dave Macedo, Fire
Greg Biddle, Fire
Mark Anderson, Police
Stephen Leonesio, Police
Gary Malloy, Public
Patrick Mayer, SPOA
Steve Kihlthau, SPOA
Barbel Sepulveda, Public
Ruben Sepulveda, Public
Kathleen Williams, Risk Services
Ethel Francois, Human Resources
Kristin Hylton, Public
Brad Burrell, SPOA
Eric Alvarez, Public Works
Robert Molthen, SPOA
Christian Sturdevant, SPOA
Jamie Morin, SPOA
Daniel Blum, SPOA
Louis Porta, SPOA
Kevin Knall, SPOA
Nick Sepulveda, SPOA
Mark Wilson, SPOA
Ron Zalunardo, SPOA
Marshall Cole, Public
Ryan Taiariol, SPOA
Deputy Police Chief Tammie Murrell
Almarosa Vargas, Police Neighborhood Services
Kathy Whitman, Financial Management
Stephanie Morales, Public
Linda Kelso, Public
Ben Cromwell, Police
Richard Buckley, Police
Thomas Hulburt, Police
David Renison, Public
William Teague, Police
W. Khan, Stockton 2020
Gary Tang, Stockton 2020
Nabeel Cajeel, Stockton 2020
Raymond Zulueta, Stockton 2020
Janice Machado, Community Services
Davin Parker, Police
Cody Johnson, Police
Eric Morrison, Police
Chris Carter, Police
Cameron Begbie, Police
Telly Strika, Police
Salvador Gomez, Police
Vicky Clark, Financial Management
Pamela Easter, Public
Houston Sensabaugh, Police
Neto Urias, Police
Ruby Ali, Police
David O’Brien, Police
Jose Estrada, Police
Joseph Martinez, Police  
N. Nunez, Police  
D. Grauman, Police  
Gonee Sepulveda, Police  
Anthony Cooper, Police  
Lisa Asklof, Police  
Esteban Arrieta, Police  
Tim Swails, Police  
Sat Le, Police  
Samnang Ven, Public  
Richard Lopez, Public  
Mark Boling, Police  
Julio Morales, Police  
Nick Snyder, Police  
Jason Underwood, Police  
Phirun Var, Police  
Willett Cody, Public  
Kevin McDonald, Police  
Angela McDonald, Police  
Debbie Botto, Police  
Patricia Sino, Police  
Tocan Nguyen, Public  
Dale Stocking, Public  
Paul Dona, Police

Liona Fan-Chiang, Lyndon LaRouce Political Action Committee, provided a notice entitled, LaRouchePAC Issues Updated Version of Homeowners and Bank Protection Act of 2007, dated February 5, 2009 for the Committee Members (filed).

**Chair Dale Fritch 5:32 PM**

Chair Fritch welcomed all the public to participate in the budget process and reminded everyone that the meeting is being streamed and broadcast on Channel 97.

Chair Fritch noted that he has received a large number of e-mails offering ideas and suggestions on how to trim the budget.

An "Around the Bench" memo, dated February 10, 2009 from City Clerk Katherine Gong Meissner to the Committee Members was distributed in electronic format to provide copies of e-mails received from citizens regarding budget issues to the Committee (filed).

**Vice Chair Kathy Miller 5:32 PM**

Vice Chair Miller thanked all the people who have responded and sent ideas and
suggestions via e-mail regarding the budget issues. Vice Chair Miller developed a summary listing (filed) of the suggestions received and acknowledged each suggestion publicly. Vice Chair Miller stated that staff would be reviewing all suggestions and reporting back to the Committee with their findings.

Committee Member Elbert Holman, Jr. 5:45 PM

Committee Member Holman read into the record an e-mail suggestion regarding the movement of Police 911 to the SEB building.

ISSUE(S) TO BE DISCUSSED: 5:45 PM

Chair Dale Fritchen 5:45 PM

Chair Fritchen provided an update to the Committee with the aid of a PowerPoint presentation (filed).

Committee Member Elbert Holman, Jr. 6:01 PM

Committee Member Holman read another e-mail into the record regarding the lay-offs of Police Officers.

Steve Leonesio, President of Stockton Police Officers Association 6:03 PM

Steve Leonesio, President of the Stockton Police Officers Association presented suggestions and cost saving measures to the Committee for consideration.

The following members of the public addressed the Committee:

Carol Kern 6:42 PM

Ms. Kern spoke to the obligation the City has to provide safety to the citizens of Stockton.

Tocan Nguyen 6:45 PM

Tocan Nguyen spoke regarding crimes against humanity.

Nabeel Cajee 6:50 PM

Nabeel Cajee, Executive Director of Stockton 2020 spoke regarding reinvesting in the library systems.

Richard Lopez 6:57 PM
Richard Lopez spoke regarding the increased crime in his area.

**James Young** 7:03 PM

James Young shared that he wants to help the City Police Department and volunteer for the Asparagus Festival.

1. **Public Works Department Budget** 7:08 PM

Bob Murdoch, Interim Public Works Director provided a budget overview for the Public Works Department with the aid of a PowerPoint presentation (filed) and answered questions from the Committee members.

2. **Financial Management Department Budget** 7:24 PM

Janet Salvetti, Acting Director of Financial Management provided the budget overview to the Committee with the aid of a PowerPoint presentation (filed) and answered questions from the Committee.

**Committee Member Elbert Holman, Jr.** 7:55 PM

Committee Member Holman read several e-mails into the record, referencing the following:

- Business License support;
- Audit report on the build out of the fourth floor at Washington Mutual; and,
- Using Police Officers at busy intersections to pull over red light runners;
- Special assessment districts for the Police and Fire Departments;
- Police Officer lay-offs; and,
- Positive comments by the Chair.

**Chair Dale Fritchen** (CM to follow-up) 7:57 PM

Chair Fritchen asked the City Manager to research the following and report back to the Committee:

- Revenue the City collects from traffic citations; and
- Researching the possibility of special assessment districts for the Police and Fire Departments.

**City Clerk Katherine Gong Meissner** 7:59 PM

Katherine Meissner, City Clerk read an e-mail into the record regarding
Financial Management preparing the Fire Department's payroll.

**Gary Malloy, Public Member** 8:00 PM

Mr. Malloy asked questions regarding the retirement money that the City contributes, to which City Manager J. Gordon Palmer, Jr. provided an explanation.

**RECOMMENDATIONS**

The Committee recommends approval of the following:

Scheduling the next Budget/Finance/Economic Development meeting for Thursday, February 19, 2009 at 5:30 PM.

The following departments are scheduled to provide presentations:

City Manager's Office  
City Council  
Non-Departmental  
City Attorney's Office  
Human Resources Department

**Adjournment** 8:05 PM

**COUNCILMEMBER DALE FRITCHEN, CHAIR**

**VICE MAYOR KATHY MILLER, VICE CHAIR**

**COUNCILMEMBER ELBERT HOLMAN, JR.**  
PREPARED BY: THE OFFICE OF THE CITY CLERK