



CITY OF AZUSA
MINUTES OF THE SPECIAL MEETING OF
THE CITY COUNCIL
MONDAY, FEBRUARY 25, 2019 – 6:30 P.M.

The City Council of the City of Azusa, met in Special Session at the above date and time in the Azusa Light & Water Conference Room, located at 729 N. Azusa Avenue, Azusa, CA 91702.

Mayor Rocha called the meeting to order at 6:52 P.M.

ROLL CALL: Roll call was taken by City Clerk Cornejo.

PRESENT: COUNCILMEMBERS: GONZALES, CARRILLO, MACIAS, ALVAREZ, ROCHA
ABSENT: COUNCILMEMBERS: NONE

ALSO PRESENT

Elected Officials: City Clerk Cornejo.

Staff Members: City Manager Gonzalez, City Attorney Ferre, Director of Finance Johnson, Director of Human Resources and Risk Management Bragg, Director of Public Works/City Engineer Bobadilla, Director of Economic & Community Development Marquez, Utilities Director Robledo, Chief of Police Hunt, Director of Information Technology and Library Services Graf, Director of Recreation and Family Services Carpenter, Chief Deputy City Clerk Garcia.

PUBLIC COMMENT

Mr. Jorge V. Rosales commended Staff for the concise and transparent Mid-Year Budget Review Staff Report.

FISCAL YEAR 2018-19 GENERAL FUND MID-YEAR BUDGET REVIEW AND ADJUSTMENTS

Director of Finance Johnson presented the 2018-19 mid-year budget review stating that guiding budget principles are to match costs with revenues, maintain reserve policy, address unfunded liabilities, maintain essential services to the community, and avoid using one-time monies for long term costs; total revenues are at 31% of adjusted budget; and expenditures are at 48% of budget. A mid-year revenue increase of \$205,195 and decrease of \$566,500 were proposed; and with the proposed budget adjustments, an estimated additional \$800,000 will be added to the Overall Fund Balance. An amended financial forecast was presented, which included increasing pension costs, one time property sales, and salary savings resulting in a FY 2018-19 projected surplus of \$2.8 million; however, the surplus is due to the \$2.7 million sale of Block 36 and \$1 million in salary savings; excluding the one-time monies, the City has an ongoing budget deficit of approximately \$800k. The projected year-end cash balance for FY 2018-19 is \$12.7 million with a reserves target of approximately \$10 million. Potential significant budget impacts include labor contract negotiations, rising pension costs, unfunded pension and OPEB liabilities, replenishing reserves, and infrastructure and facility needs; Staff is currently undergoing a fiscal sustainability assessment to review existing contracts and franchise agreements to ensure the City is capturing all contractual obligations, examine areas of organizational efficiency opportunities, and explore extraordinary measures to generate additional revenues.

In response to questions posed by the Council, Staff clarified that Block 37 sale proceeds were included in the FY 2019-20 forecast as a best case scenario, should the property sell; the FY 2019-20 budget is still being developed; the City will be experiencing a structural deficit over the next five years, and will need to decrease expenses and increase revenues; the goal of the fiscal sustainability assessment is to help realize new revenues and efficiencies to cut costs.

Discussion ensued regarding the need to increase revenues, the projected structural deficit, local sales tax measures across the region, and competing tax measures.

Councilmember Carrillo offered Resolution No. 2019-C06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AZUSA APPROVING AND ADOPTING THE MID-YEAR BUDGET ADJUSTMENTS FOR THE CITY OF AZUSA

Moved by Councilmember Carrillo, seconded by Councilmember Gonzales, and carried by unanimous vote of the Council to receive, review and file Fiscal Year 2018-19 second quarter budget-to-actual report ending December 31, 2108; adopt Resolution 2019-C06 approving and adopting the proposed mid-year budget amendments; and direct Staff to report back to Council at a future study session regarding a fiscal sustainability assessment and near and long-term budget impacts for direction and next steps.

AYES: COUNCILMEMBERS: GONZALES, CARRILLO, MACIAS, ALVAREZ, ROCHA
NOES: COUNCILMEMBERS: NONE
ABSENT: COUNCILMEMBERS: NONE

ADJOURNMENT

The meeting was adjourned by consensus of the City Council.

TIME OF ADJOURNMENT: 7:21 P.M.



CITY CLERK

