



Mayor Brenda Esqueda
Mayor Pro Tem Antonio Lopez
Councilmember Maribel De La Torre
Councilmember Sylvia Ballin
(Vacant)

City Administrator
Al Hernández

SAN FERNANDO CITY COUNCIL NOTICE AND AGENDA OF A SPECIAL MEETING

THURSDAY, SEPTEMBER 13, 2012 – 6:00 PM

COUNCIL CHAMBERS
117 MACNEIL STREET
SAN FERNANDO, CA 91340

NOTICE IS HEREBY GIVEN that the San Fernando City Council will hold a Special Meeting on **Thursday, September 13, 2012, at 6:00 p.m.** in the Council Chambers, located at 117 Macneil Street, San Fernando, California.

The **AGENDA** for this meeting is as follows:

CALL TO ORDER/ROLL CALL

PLEDGE OF ALLEGIANCE

Mayor Brenda Esqueda

APPROVAL OF AGENDA

PUBLIC STATEMENTS – WRITTEN/ORAL

There will be a three (3) minute limitation per each member of the audience who wishes to make comments in order to provide a full opportunity to every person who desires to address the City Council. Only matters contained in this notice may be considered.

OLD BUSINESS

1) FISCAL YEAR 2012-13 CITY BUDGET AND STAFF REDUCTIONS

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Recommend that the City Council approve the lay-off for five positions to help balance the Fiscal Year (FY) 2012-13 City Budget.

CLOSED SESSION

A) CONFERENCE WITH LABOR NEGOTIATOR
G.C. 54957.6

City Negotiator: City Administrator Al Hernandez
Employee Organizations: San Fernando Management Group (SEIU, Local 721)
San Fernando Public Employees' Association (SEIU, Local 721)
San Fernando Police Officers Association
San Fernando Police Officers Association Police Management Unit
San Fernando Police Civilian Association (SEIU, Local 721)
San Fernando Part-time Employees' Bargaining Unit (SEIU, Local 721)

ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the City Hall bulletin board not less than 24 hours prior to the meeting.

Elena G. Chávez, City Clerk

Signed and Posted: September 12, 2012 (4:30 p.m.)

Agendas and complete Agenda Packets (including staff reports and exhibits related to each item) are posted on the City's Internet Web Site (www.sfcity.org). These are also available for public reviewing prior to a meeting in the City Clerk's Office. Any public writings distributed by the City Council to at least a majority of the Councilmembers regarding any item on this special meeting agenda will also be made available at the City Clerk's Office at City Hall located at 117 Macneil Street, San Fernando, CA, 91340 during normal business hours. In addition, the City may also post such documents on the City's Web Site at www.sfcity.org. In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification/accommodation to attend or participate in this meeting, including auxiliary aids or services please call the City Clerk's Office at (818) 898-1204 at least 24 hours prior to the meeting.



San Fernando City Council Special Meeting

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ADMINISTRATION DEPARTMENT

MEMORANDUM

TO: Mayor Brenda Esqueda and Councilmembers

FROM: Al Hernández, City Administrator

DATE: September 13, 2012

SUBJECT: Fiscal Year 2012-13 City Budget and Staff Reductions

RECOMMENDATION:

It is recommended that the City Council approve the lay-off of five positions to help balance the Fiscal Year (FY) 2012-13 City Budget.

BACKGROUND:

1. On July 2, 2012, the City Council approved the FY 2012-13 City Budget with a recommendation of 10 staff adjustments for a savings of approximately \$520,000.
2. On June 27, 2012, Governor Brown signed the State Budget Trailer Bill, AB 1484, which became effective immediately. AB 1484 added H&S Code Section 341383.5(b), which requires the Los Angeles County Auditor-Controller to calculate if amounts are owed by successor agencies to taxing entities (pursuant to H&S Code Section 34183(a)(4)) for the period of January 1, 2012 through June 30, 2012.
3. On July 9, 2012, the City and Successor Agency to the San Fernando Redevelopment Agency (Successor Agency) were presented with a Notice of Demand for Payment from the Los Angeles County Auditor-Controller, pursuant to Health and Safety (H&S) Code Section 34183.5(b) in the amount of \$512,059.12.
4. On July 12, 2012, the Successor Agency paid the Los Angeles County Auditor-Controller \$243,253.15 by the required deadline; the balance of the Demand for Payment will be paid in January 2013
5. On July 28, 2012, JC Penney closed its store in the San Fernando Mall.
6. On August 1, 2012, the City paid California Housing Finance Authority (CalHFA) \$100,000 as a down payment to extend the loan of \$940,000 until December 2014. This loan was due

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in full in August 2012 and was rejected by the Department of Finance as a recognized obligation of the Successor Agency.

7. During July 2012 through September 2012, City Council has held meetings to discuss the necessary actions to close the original gap of \$520,000, plus the new unexpected demand payment from the Los Angeles County Auditor-Controller of \$512,059.12.
8. On September 4, 2012, the City Council approved a proposal to the employee unions which consisted of lay-offs and furloughs. The proposal was made to the various unions during the week of September 4, 2012 in an effort to reach consensus.

ANALYSIS:

On July 2, 2012, the City Council approved the budget with a needed \$520,000 savings adjustment to balance the budget. Subsequent events are as follows:

| | |
|--------------------------------------|------------------|
| Shortfall | \$ 520,000 |
| Demand Payment | \$ 512,059 * |
| JC Penney Closes, Estimated Tax Loss | \$ 57,000 |
| CalHFA Payment | \$ 100,000 |
| Expect Pass Through Refund | \$ (183,000) * |
| Parking Citation Shortfall | \$ 100,000 |
| Shortfall to General Fund | \$ 1,106,059 |

- * Amount will be accrued to FY 2011-12, this will result in a negative fund balance which will carry over to FY 2012-13. This item is part of a \$700,000 amount placed on the Recognized Obligation Payment Schedule (ROPS) No. 3 for reimbursement as the City is claiming an error in the calculations of the Demand for Payment; this claim is pending.

The General Fund is currently facing challenges ranging from grants expiring (i.e., CHRP), and the General Fund absorbing the shortfall to a decline in revenues that resulted from the elimination of the Redevelopment Agency, property tax, interest income, and sale of property. The shortfalls in property tax are the result of the crash in the California housing market and a reduction in the overall assessed values. The Department of Finance not considering loans between the City and the Redevelopment Agency as enforceable obligations has caused the City to lose revenues this year and the next (1422 San Fernando Road). Although AB 1484 makes allowances to have these loans reconsidered and approved once the City receives its Certificate of Compliance, none the less, this is a few years away before the City sees any revenue and then the revenues will be spread out over a few years.

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BUDGET IMPACT:

It is expected that this staff reduction will result in General Fund savings of approximately \$241,000 for this remaining fiscal year (10 months) ending June 30, 2013; for FY 2013-14, savings would be \$323,000 to the General Fund.

CONCLUSION:

The proposed adjustments needed to solve the expected current shortfall and cumulative General Fund balance include:

1. Lay-offs and furloughs; or
2. Lay-offs.

As lay-offs are needed to right-size the City, given its current economic conditions to make it sustainable, staff recommends moving forward with the lay-off of five staff members during its discussions with the union groups.