

MINUTES of an adjourned regular meeting of the City Council of the City of Redlands held in the Council Chambers, Civic Center, 35 Cajon Street, at 8:00 A.M. on April 23, 1997.

PRESENT

Swen Larson, Mayor
Pat Gilbreath, Mayor Pro Tem
William E. Cunningham, Councilmember
Gilberto Gil, Councilmember

Gary M. Luebbers, City Manager
Lorrie Poyzer, City Clerk
Steven M. Chapman, Finance Director
Tina Kundig, Accounting Manager

Joshua Lowe, Redlands Daily Facts
Valeria Godines, Press Enterprise
Alisa Slaughter, San Bernardino County Sun

ABSENT Geni A. S. Banda, Councilmember

Additional Appropriation - Animal Shelter - The request for an additional appropriation to purchase an additional freezer for use at the animal shelter was not warmly received by the City Council. Although Councilmember Gil indisposedly moved to approve the request, the motion did not receive a second and therefore died.

STUDY SESSION - 1997-98 PROPOSED BUDGET

General Fund Capital Outlay - Following discussion, on motion of Councilmember Larson, seconded by Councilmember Gilbreath, the following fixed assets were approved for inclusion in the proposed budget, with Councilmember Cunningham voting NO:

City Council: Xerox 5626 copier	\$ 2,867.00
City Manager: Gateway P5-166 computer	2,335.00
City Treasurer: Toshiba notebook computer	2,400.00
Public Works: 5-gallon paint shaker	4,800.00
Public Works: Flail mower tractor mount	16,000.00
Public Works: Roof repairs	
Civic Center Building A	10,000.00
Civic Center Building B	15,000.00
Fire Station 261	25,000.00
Recreation: 2 Gateway P5-133 computers	3,937.00

Recreation: HP694C printer	299.00
Fire: Generator	12,000.00
Fire: Airbag	5,500.00
Fire: 3 computer workstations	9,000.00
Fire: Life Pak 10C	<u>7,425.00</u>
Total	\$116,563.00

Library - Library Director Larry E. Burgess presented the proposed budget for the A. K. Smiley Public Library. Councilmember Gilbreath moved to approve the Library budget as presented subject to final overview. Motion seconded by Councilmember Gil and carried with Councilmember Cunningham abstaining from the vote.

Safety Employees Unfunded Pension Liability - City Manager Luebbers reviewed the information provided to the City Council on April 9, 1997, regarding the unfunded liability of the safety employees retirement plan. Finance Director Chapman explained the City currently has a \$2.35 million unfunded liability for its safety employee retirement plan. The City currently has a year 2000 funding deadline for its liability. PERS has informed the City that its safety retirement rates will increase by 30 percent for fiscal year 1997-98, an increase of \$475,000.00 over 1996-97. PERS will allow the City to amortize the liability through the year 2011 or 2016 at an additional cost of \$1.8 million or \$2.8 million respectively. The 1997-98 Police and Fire budgets were submitted using the year 2011 funding deadline as recommended by the Finance Department. A subsequent option which was discussed in the City Manager's budget transmittal letter dated April 9, 1997, suggested the possibility of borrowing the \$2.35 million from the Utilities' Fund at 6 percent interest for 10 years. This option would provide the General Fund with an annual cash flow savings of \$10,000.00 on a fully amortized loan. However, recent discussions with Utilities staff indicates that this option is not feasible due to the fact that it could jeopardize bond covenants and efforts to control the potential for rate increases. The current employer contribution rate (1996-97) is 17.844 percent. Mr. Chapman noted that recent discussions with Stone & Youngberg revealed that Pension Obligation Bonds, although an option, would be too expensive. A 10-15 year bond could carry an 8¼ percent coupon plus cost of issuance which could add significantly to the principal amount of the debt. Mr. Chapman presented several funding deadline options which have been studied by staff and recommended the City amortize the liability through the year 2011. Under this option, the employer contribution rate would be 16.74 percent; the total expected contributions necessary to completely amortize the unfunded liability would be \$4,167,488.00 with an annual cash flow savings of \$67,000.00. Councilmember Gilbreath moved to approve this recommendation. Motion

seconded by Councilmember Larson and carried with Councilmember Cunningham abstaining from the vote.

Municipal Utilities - Municipal Utilities Director Gary G. Phelps and Chief of Water Resources Mike Huffstutler presented the proposed budget for the Municipal Utilities Department. Councilmember Gilbreath moved to approve the Municipal Utilities Department budget with the corrections noted during the presentation and with the understanding an additional employee (landfill superintendent) would be authorized. Motion seconded by Councilmember Gil and carried with Councilmember Cunningham abstaining from the vote.

City Manager Luebbers reviewed the changes approved by the City Council during the budget study session. Revised figures will be prepared for presentation on Monday, April 28, 1997, along with employee negotiation reports.

ADJOURNMENT

There being no further business, the City Council meeting adjourned at 10:55 A.M. to an adjourned regular meeting to be held on Monday, April 28, 1997, at 9:00 A.M. in the City Council Chambers, 35 Cajon Street, Suite 2, Redlands, California.

City Clerk