

**I. Call to Order**

The meeting was called to order at 5:12 by Mr. Dean Kunicki

**II. Roll Call**

Present: Darryl Nind, Richard Rogero, Greg Stratton, Lee Kennedy, Dean Kunicki

Absent: None

Staff: Eric Levitt, City Manager; Jody Kershberg, Administrative Services Director; Linda Swan, Deputy City Manager; Ronald Fuchiwaki, Director of Public Works; Chris Oberender, Deputy Director of Maintenance; Emilio Blanco, Maintenance Superintendent; Yvette Moore, Administrative Officer; Prachi Patel, Intern;

**III. Public Statements**

Greg Litster expressed concern that this Committee cannot adequately fulfill its purpose to decrease the financial burden that is causing economic crisis to the City when the City Council continues to approve two to four year labor contracts for bargaining groups albeit a 0% increase. Mr. Greg Litster suggested that the Committee advise the City Council to not vote on forthcoming labor contracts until the Committee finds resolution for the budget.

Mr. Dean Kunicki stated that this committee does not have the power to make these decisions each member can communicate concerns to the Council member who appointed them. He suggested that the public express their concern directly to the City Council.

**IV. Review and Approval of Revised Minutes from Previous Meetings**

Mr. Dean Kunicki advised that the Committee should hold off on approval of the December 12, 2017 Minutes to allow further time for Mr. Greg Litster and Mr. Don Otto to review. Any adjustments would be considered at the January 16, 2018 meeting. All Committee Members agreed to postpone approval.

**V. Review Survey Data**

Mr. Lee Kennedy reiterated that the survey was undertaken as a tool to provide information and is intended to be used as a snapshot of opinions on the City's budget to help provide the Committee and City Council in the decision making process. Mr. Kennedy stated that incorporating analysis of the comments provided in the comment section of the survey helps provide better clarity of the survey taker's response and is more informative than looking at a simple "Yes" or

“No” answer. Two analysts from Mr. Kennedy’s company, AVMetrics used a 1-5 rating system to independently determine how opinionated the comment was. Those comments were then averaged for severity score and the percentages of “Yes” and “No” were compiled.

Mr. Lee Kennedy stated that common themes emerged amongst the comments with a number of people being opposed to City employees receiving high salaries and pensions, a desire to cut costs and spend within limits, the need for an internal audit for transparency, a general concern about loss of business in the City especially within the Town Center, an inclination to outsource police services to the Ventura County Sheriff’s Department, and a strong opinion in either direction on the new CA State Marijuana legislation.

Mr. Kennedy asserted that several key financial reports and data related to the budget were listed and made available for survey participants to review on the Budget Survey page on the City website as well as audit information on the City’s financials. He indicated that the City has been transparent with providing the public with financial data should they want to review.

Mr. Lee Kennedy began summarizing the data results for Question #5 which asks whether the City should look into increasing the Transient Occupancy Tax (TOT) for hotels.

Mr. Dean Kunicki relayed a conversation that he had with the owner of the Grand Vista Hotel about the TOT. The Grand Vista Hotel is the only locally owned hotel business in Simi Valley. The owner stated that he did not believe that an increase in TOT would negatively impact business or tourism in the City since most customers do not notice the small impact of the tax.

Mr. Dean Kunicki asked Mr. Eric Levitt to share his research and knowledge on outsourcing the Police Department to the Ventura County Sheriff’s Office.

Mr. Eric Levitt explained that even if the City were to contract out to the Ventura County Sheriff’s Office, the City would still be required to budget for PERS liability for officers who were employed with the City while simultaneously paying for the Ventura County Sheriff’s service. He also stated that the Ventura County Sheriffs have recently increased their contract rates due to their own budgeting and pension problems. He stated that City Managers in surrounding cities who outsource to the Ventura County Sheriffs have spoken to him about considering establishing their own police department. He stated that he personally believes that outsourcing would be a difficult task to the community as they take great pride in having their own police department.

Mr. Dean Kunicki agreed with Mr. Levitt. He also added that response time would greatly increase if the City were to contract with Ventura County Sheriffs, and this would endanger our citizens.

Mr. Lee Kennedy moved on to Question #6, which inquired about taxpayer

dollars being used for the City to maintain Landscaping Districts throughout the city. The common consensus was that the public generally did not want tax dollars used to fund Landscape Districts.

Mr. Dean Kunicki asked Mr. Eric Levitt about what the City could do to make the Landscape Districts revenue neutral.

Mr. Eric Levitt replied that the Proposition 218 process is State law and requires cities to obtain approval from property owners for any new increases related to costs affiliated with maintenance of the Landscape Districts, which is assessed through their property taxes.

Mr. Lee Kennedy proceeded to Question #7 which asked whether the City should increase development fees and service charges to recover more of the actual costs associated with Planning, Building and Public Works. The responses were overwhelmingly yes, but the comments analysis tempered this response with a much stronger sentiment for a “No” vote.

Mr. Dean Kunicki stated that fee increases can affect business and eventually the developer fees will trickle down to the homeowner.

Mr. Darryl Nind observed that a majority of the comments suggested that the fees should not be raised on homeowners making renovations or existing structures, but for only new developments.

Mr. Lee Kennedy moved on to Question #8 concerning the raising of business tax rates which responses were close in counts when looking at both a yes and no option and weighting the comments. However, stronger sentiment for opposing an increase in business tax was noted when incorporating comments.

Mr. Lee Kennedy moved on to Question #9 related to better auditing against State tax records to ensure that all businesses in the City are paying their business tax to raise more revenue for the City. Once again, when incorporating the weighting of comments, the audit was not favored by the public.

Mr. Lee Kennedy moved on to Question #10 which was about outsourcing some City services instead of utilizing in-house City staff. The public was somewhat divided on this issue but the comments as well as the “Yes or No” options were in favor of outsourcing.

Mr. Greg Litster stated that he would like to comment on this issue.

Mr. Dean Kunicki replied, “Not at this time.”

Mr. Lee Kennedy proceeded to Question #11 which concerned increasing the sales tax in Simi Valley. The public overwhelmingly opposed this measure.

Mr. Lee Kennedy summarized results related to Question #12 which inquired as

to whether or not the City should consider collecting tax revenue from the retail sales of marijuana. Counts were relatively the same with respondents being in favor for this type of tax revenue however “No” respondents were stronger in their opinion.

Mr. Lee Kennedy proceeded to Question #13 which considered the permitting of warehouse manufacturing of marijuana products not for public sale and taxing it as a potential source of tax revenue. Although both counts favored the permitting of warehouse manufacturing with the restrictions, commenters were strongly opinionated on both sides of the matter.

Mr. Lee Kennedy reiterated that this survey data should only be taken as another tool to analyze the data because of the obvious disparities that can arise with public surveys. The analysis presented should be used to help understand the data and provide the Committee and the City Council with a more thorough understanding of public need.

VI. Discussion/Presentation on Specific Areas of Expenditures including Public Works and Police

Mr. Eric Levitt introduced the Public Works Director, Ron Fuchiwaki to provide an oral report on the City’s Landscape Districts. Staff distributed memorandum to the Committee.

Mr. Dean Kunicki asked whether Prop 218 would require a majority vote to increase public assessment fees, or could the City bypass through incremental increases.

Mr. Ron Fuchiwaki stated that he was not aware of any measures at this time and Prop 218 is essential to increasing public assessment fees. He stated he would consult with the City Attorney on this matter and provide further guidance on this issue at the next meeting.

Mr. Kunicki requested that staff research how other local cities are dealing with Landscape Districts and perhaps reach out to the City’s legislative consultant, Gonsalves and Sons to determine what options are available to cities.

Mr. Darryl Nind asked Mr. Ron Fuchiwaki whether contracting out landscaping can help save the city money.

Mr. Ron Fuchiwaki responded that the majority of city landscaping is contracted out and that out of the three contracts, two are due to expire in 2018. At this time, the City will go out to bid for these contracts in the hopes of getting more competitive rates.

Mr. Chris Oberender indicated that he believed staff could reduce costs with future contracts and is hopeful that more vendors will respond to future Request for Proposals. Even with less costly contracts, the City would still need to

subsidize maintenance costs.

Mr. Richard Rogero asked whether the city recycled landscaping materials and used them for revenue.

Mr. Emilio Blanco explained that the city turns the landscape waste into woodchips that are used throughout the city.

Mr. Lee Kennedy expressed concern about water costs and efficiency issues. He also inquired whether the city had any long term or bulk contracts in place, or if there was an opportunity to pursue this.

Mr. Greg Stratton requested that staff work with the City Attorney's Office to provide the Committee with a review of the 218 process including how does the City start the process of increasing assessments and what constitutes a majority vote and majority protest, what process would be required to turn over landscape maintenance to an Homeowners Association (HOA), as well as a determination of how many Landscape Districts currently have HOAs. The City Attorney would also need to examine existing Planned Development Permits and determine if any liabilities could arise should the City no longer maintain the landscape in the future.

Mr. Kunicki requested that staff provide all options to the Committee both good and bad if the City were to no longer provide landscaping services.

Mr. Greg Litster asked how the costs were split amongst utilities, material, and labor for landscaping services.

Mr. Levitt explained that landscape is maintained through contract labor subject to prevailing wage, not City employees. Therefore, any potential reduction in costs will not affect personnel expenditures.

Mr. Ron Fuchiwaki stated that he would gather that data and provide it to Mr. Litster and the Committee at the next meeting.

Mr. Levitt explained to the Committee that there was a misunderstanding with Chief Livingstone's calendar and that the Chief was not able to attend this meeting. Mr. Levitt will coordinate with Chief Livingstone to ensure attendance at an upcoming meeting to address questions about Police Department expenditures.

## VII. Discussion on Additional Budget/Financial Data

Mr. Eric Levitt provided an update on the status of the labor negotiations. He stated that out of the 4 groups, negotiations are complete for 2, and 2 are pending, but as of now, all 4 have 0% salary increases and no PERSable benefits. Mr. Levitt reiterated that with 0% salary increases, it's beneficial to

maintain a good relationship with the labor groups since under State law, if an impasse is reached, the Council can force a contract for only one year, and we are trying to avoid this.

Based on market research, Mr. Eric Levitt shared that surrounding cities and Ventura County have negotiated an average of 2.15% salary increase in 2017, 2.81% in 2018 and 3% in 2019 compared to our 0% salary and PERSable increase. The City tried to offset this by providing other benefits which equate to a total compensation increase of up to 1.4% in 2018.

Mr. Eric Levitt indicated that we are also trying to remain competitive in employee retention and recruitment. Ms. Kershberg stated that most majority of recent employee turnover is due to retirements since the average age of the city employee is at least 50.

Mr. Greg Litster asked Mr. Eric Levitt whether the budget presented to the City Council includes positions that are not filled and if so why these positions cannot be removed from the budget preview.

Mr. Eric Levitt replied that to open up these positions after approval of the budget would require new budget hearings and budget amendments. He reiterated that a position cannot just be removed because it is vacant at the time of the budget.

#### VIII. Adjourn

The Committee adjourned the meeting at 6:40.