

**CITY OF CITRUS HEIGHTS
CITY COUNCIL
MINUTES
Special Meeting of Thursday, January 28, 2021
Virtually from the City Hall Council Chambers
6360 Fountain Square Drive, Citrus Heights, CA**

CALL SPECIAL MEETING TO ORDER

The special meeting was called to order at 5:00 p.m. by Mayor Miller.

1. Roll Call: Council Members present: Daniels, Schaefer, Middleton, Miller
Council Members absent: Bruins (arrived at 5:10 p.m.)
Staff present: Boyd, Jones, Lawrence, Nossardi, Prasad, Rivera,
McDuffee, Van, and Zenoni.

PUBLIC COMMENT

None

STUDY SESSION

2. Financial Update Study Session

City Manager Boyd began the presentation by discussing how the City has long been dependent on retail sales tax revenue. Over the years, City expenses have gone up, while revenue coming into the City has gone down. Economic Development has been at the top of recent Council policy priority, as seen with the Sunrise Mall Specific Plan, Auburn Blvd. improvements, and the Sylvan Corners property. The failure of the Measure M sales tax measure in November has led to severe budget reduction. The presentation by City staff focuses on two phases of budget reduction, which includes freezing current vacant positions and reducing City services. Staff will outline the focus to balance the current 2020/2021 fiscal year budget without using funds from the line of credit.

Assistant City Manager Rivera explained the City's first two-year budget was adopted by Council in June 2019 with the last Council approved update being in June 2020. She reminded Council that the City will not receive property tax until 2023.

Finance Manager Nossardi provided an overview of the amended FY 2020-21 budget as of June 2020. Included in the amended budget was a reduction in revenue of \$1.2 million, which included a sales tax decrease of \$1.4 million and motor vehicle license fee increase of \$200,000 based on upon recommendation from the City's revenue consultant. As it relates to expenditures, risk management premiums were projected to increase by \$200,000 and workers' compensation claims were projected to increase by \$250,000. In addition to the amendments, \$340,000 was carried over from fiscal year 2019-2020 to fiscal year 2020-2021. These expenditures were delayed due to the timing of the COVID-19 pandemic.

Assistant City Manager Rivera provided an updated on the updated year-end projection for fiscal year 2020-21. At this time, staff is projecting a slight increase in revenue of \$100,000 from \$30.7 million to \$30.8 million. Staff is also projecting a reduction of \$3.1 million in budgeted expenditures. The majority of \$3.1 million in expenditures reductions were achieved through

personnel savings. Staff is now projecting the City will end the fiscal year with a small surplus and will not be utilizing the approved \$1.2 million from the line of credit.

Bill Zenoni with MRG Consulting, presented the City's General Fund Ten Year Financial Forecast, which included three budget scenarios.

Assistant City Manager Rivera mentioned to build the next two-year budget, City staff will look to Council for recommendations. When looking at the next budget cycle, staff will focus on budget reduction principles by reducing staff beginning next fiscal year, reducing City services, commitment to maintain current staff, and fund deferred expenses. The next steps City staff will take include two-year budget development between February-May 2021 followed by City Council budget adoption in May-June 2021.

City Council comments and questions followed.

ADJOURNMENT

Mayor Miller adjourned the special meeting at 6:23 p.m.

Respectfully submitted,

Amy Van, City Clerk