



SAN BENITO COUNTY BOARD OF SUPERVISORS

Margie Barrios
District No. 1
Chair

Anthony Botelho
District No. 2

Robert Rivas
District No. 3

Jerry Muenzer
District No. 4

Jaime DeLaCruz
District No. 5
Vice Chair

County Administration Building – Board of Supervisors Chambers, 481 Fourth Street, Hollister, California

SPECIAL MEETING BOARD RETREAT NOVEMBER 13, 2012 ACTION MINUTES

The Board of Supervisors of San Benito County met in the San Benito County Behavioral Health Department Conference Room on the above date in *special session*. Supervisors De La Cruz, Botelho, Rivas, Muenzer and Barrios were present. Also present was Interim County Administrative Officer Ray Espinosa, County Counsel Matt Granger and Clerk of the Board Denise Thome. Chairman De La Cruz presided.

CALL TO ORDER 9:00 A.M.

- a) Supervisor Botelho led the Pledge of Allegiance.
- b) *Upon motion duly made, seconded and carried, acknowledged Certificate of Posting.*

SPECIAL AGENDA

1. Role of Budget Ad Hoc Committee.

Supervisor Barrios felt it was important for the Budget Committee to meet in small settings and felt strongly that they should allow it to continue. She recommended that the Budget Committee continue.

Supervisor Rivas agreed with Supervisor Barrios and added that they could not lose sight that the committee serves a specific purpose. He indicated that when it comes to budget it was a full Board decision. He felt that what they did as a committee of two streamlined the process. He hoped to improve the process and reduce budget hearing time.

Supervisor Botelho stated that he did not disagree with what had been said but was frustrated with not getting information or reports. He stated that supervisors not on the committee need to have information regarding the status on ideas and added that they needed more input from the County Administrative Officer which was certainly lacking. He indicated that if he was Chair the next year it would be a top priority to report out by committee so information is available for other supervisors to provide input.

Supervisor Muenzer expressed that he was frustrated with not being a part of the committee and being able to offer ideas. He stated that he was not against the ad hoc committee, but they didn't receive timely reports. He felt there should

either be a full blown meeting on the third Tuesday or an afternoon session exclusively to talk about budget to get a report from the committee.

Supervisor Botelho felt they needed to be more focused and specific with the committee next year. He gave an example of the OPEB issue.

Chairman De La Cruz stated that it was his experience this year that improvements needed to be made. He stated that Mr. Espinosa did not have years and the leadership needed to come from the five supervisors. He added that they had 6 months to develop a budget and they were 1 million dollars short. He added that the Williamson Act fell and that the ad hoc budget committee needed adjustment.

Interim CAO Ray Espinosa asked if there were minutes from the Budget Committee meetings.

County Counsel Granger stated that since it was an ad hoc committee there were no minutes and he recommended not having minutes.

Supervisor Botelho spoke of funding OPEB at 50% instead of 100% and the money could revolve back into the general fund.

Supervisor Rivas stated that as a committee they had worked extensively on that. He added that they had worked on caps and it was dropped.

Supervisor Barrios explained that they had Clerk Auditor Recorder Joe Paul Gonzales do a report and the Board didn't take it anywhere.

Supervisor Rivas indicated that he took a little offense as to what Supervisor Muenzer said as they did report out and CAO Inman was supposed to have afternoons reserved for budget but it never happened.

Supervisor Botelho noted that Contra Costa County was funding OPEB at 10%. He felt they should revisit the OPEB issue.

Chairman De La Cruz felt the whole Board needed to be educated on it. He indicated that the former CAO had ideas but couldn't muster 3 votes because of political aspects. He added that the Williamson Act was dead on arrival before it even got there.

Supervisor Botelho commented that the Board was going to have to decide to make some apolitical decisions. He spoke of the unresponsiveness of S.E.I.U. and stated that until they were responsive, they would have to make hard decisions and think outside the box.

Supervisor Rivas stated that he would like to see the committee work go into the next year. He suggested that perhaps it would be good to have a new set of eyes on the committee.

Supervisor Barrios suggested that if they didn't have an ad hoc committee, they should continue to give the opportunity to folks to meet with the Chair about budget ideas as people didn't want to speak publicly.

Supervisor Muenzer apologized to Supervisor Rivas by stating that he was not laying fault with the committee and felt the fault lay with the previous CAO. He wanted open communication with the full Board. He indicated that he was frustrated with the lack of knowledge.

Hollister resident Marty Richman felt the ad hoc budget committee should work on revenue. He suggested two committees with one for savings and another for revenue. He felt they needed to identify where spending is because they could only do savings where the money is spent. He further suggested doing by classifications on a report and that would give them the road map and help them report out.

Hollister resident Richard Bettencourt stated that as a private citizen he understood how those that aren't on the ad hoc committee, which is not a majority, felt.

Management Analyst Catherine Shaw indicated that she made a recommendation to Supervisor Rivas a few months ago in anticipation of next year's ad hoc committee. She explained that as an employee she recommended not looking at departments and instead look at major things such as OPEB, health insurance and work on that and then come back to the group.

2. Discussion of 2013 Board of Supervisors Meeting Calendar and Agenda Submittal Deadline listing.

Supervisor Muenzer felt there should be a third meeting per month through August, just for budget. He stated that department heads would not be able to slip items in and it would be exclusively for budget.

County Counsel Granger advised that a regular meeting opens it up to all whereas a special meeting could be focused without cluttering with all the rest.

Supervisor Muenzer asked if they could have a special meeting each month.

County Counsel Granger replied yes and they just need to make sure the CAO and Clerk of the Board are aware.

Supervisor Rivas advocated a town hall meeting in the evening, a special meeting for residents and department heads to attend each month.

Supervisor Barrios agreed that a special meeting was a special meeting and by directing the Clerk to set it regularly it becomes a regular meeting.

County Counsel stated that back to back meetings were difficult and he did not see how we could go back to 3 meetings a month.

Clerk of the Board Denise Thome concurred and explained that the Chair can call a special meeting at any time.

Management Analyst Margie Riopel felt that 2 meetings per month worked better than 3 as they were better able to do reviews.

Management Analyst Catherine Shaw and Interim CAO Ray Espinosa both concurred.

Hollister resident Richard Bettencourt suggested having closed session in the beginning of the meeting and if there was a person with a public project, push them up because those are the folks that are needed to get revenues up.

Hollister resident Marty Richman stated that the meetings were up to the Board but felt that having a third meeting just to have it did not make sense. He expressed concern with the structure of the budget and noted that you needed structure before you could set a ladder up. He suggested having all the information in before the budget hearings start.

Chairman De La Cruz directed the Clerk of the Board to put the calendar on for approval at the next meeting.

Supervisor Muenzer stated that he would be reminding the Chair of having budget special meetings. *(File #156)*

3. Accept the First Quarter FY 2012/13 Budget review.

Management Analyst Catherine Shaw went over the handout. She noted that the key things for first quarter were salary and benefits classification consistently over in a lot of departments due to extension on layoffs. She added that coupled with payouts for those layed off and retirees wreaked havoc with salaries. She

noted that unemployment costs for April through June was \$40,000 and July through September was \$40,000. She said there would still be all of the Sheriff's coming up as well. She stated that other classification services and supplies were right on line. She hoped that the third quarter salaries would fall back within target. Ms. Shaw noted there was information in the packet in regards to a future financial consideration with the resignation of the CAO.

Supervisor Botelho asked about AB340 and if it could be a money saving action.

Ms. Shaw stated that it was brand new and she was getting educated on it. She indicated that Auditor Joe Paul Gonzalez would be going to the Board in December.

Supervisor Botelho asked if there would be action in December.

Ms. Shaw replied no.

County Counsel Granger explained that AB 340 was a pension reform and had many intricacies going on. He added that they would make a presentation to the Board.

Management Analyst Margie Riopel explained that what some departments sent to budget were changed by Human Resources in subsequent meetings and those adjustments still needed to be made. She gave the examples of Public Works and the Library with an initial cut of a position to .8 and SEIU said they couldn't do so they had to go back and take the full position. She concluded that some adjustments need to be made.

Supervisor Botelho asked if it was a meet and confer issue.

County Counsel Granger explained that it didn't work that way. He stated that it was the Board's discretion to layoff but the effect of the layoff was subject to SEIU meet and confer.

Further discussion ensued.

Supervisor Botelho noted that with the layoffs the Sheriff's department is incurring a tremendous amount of overtime.

Ms. Shaw stated that in her opinion the Sheriff needs to be watched carefully and she had no idea what was going on there.

Ms. Riopel stated that it was done at Board level but the information did not come back in a clean version.

Ms. Shaw stated that Kelly Kennedy and Jacki Credico had been focusing on that.

Supervisor Rivas spoke of the discussion of overtime in the Sheriff's department and thought they had asked him to report. He indicated that he held the Sheriff's Department accountable and expensive overtime did not make sense.

Ms. Riopel noted that according to the DSA MOU overtime goes to seniority first.

Chairman De La Cruz stated that he didn't want the highest paid on overtime.

Interim CAO Ray Espinosa indicated that he planned to speak with the Sheriff to highlight where he's at on overtime.

Chairman De La Cruz stated that the relationship with the Sheriff was that the Board controlled the budget and the Sheriff controls operations.

Supervisor Barrios spoke of sick leave noting that if someone fills in they get paid time and a half. She stated that the Sheriff had to accept it because he can't question sick time.

Supervisor Muenzer stated that he didn't care how the Sheriff runs it but he did care about staying under budget. He didn't want the Sheriff coming back in six months needing more money.

Chairman De La Cruz felt that Ms. Shaw should be playing a big roll with an update on overtime, etc. each month.

Supervisor Muenzer stressed that the Sheriff had to stay within budget. He suggested doing something similar to the school district and hand out pink slips in March and see what results or fallout there is and they would have three months to adjust.

Chairman De La Cruz stated that he would support that.

Supervisor Barrios did not know if they could do that as they were limited with due process. She added that they told the departments how much but some didn't inform employees.

Ms. Shaw stated that it was not a failure of the Board but was a failure of department heads.

County Counsel Grange felt that it was confusing for department heads last year with the numbers changing and being instructed to talk positions and not specific persons. He went on to discuss the layoff procedure and what was involved.

Supervisor Botelho suggested strategizing some goals in regards to revenue, with OPEB as an example. He wanted an answer the next day if he could. He also requested a better job with ideas to reorganize, giving the examples of Behavioral Health and HHS and the Sheriff and OES.

Ms. Riopel explained that the Sheriff already has OES and that she supervises his staff.

Chairman De La Cruz indicated that he had talked to Mayor elect Velasquez in regards to the Sheriff providing service to the city with a contract.

Supervisor Barrios felt they should notice people sooner even though they may take it back. She felt it was better for the employees to plan ahead, perhaps get another job. She noted the problem of loss of institutional memory.

County Counsel Granger explained that the bottom line was that they could not legally lay off without giving notice and meet and confer with the union. He noted that they came to the Board last year in May with layoffs and the Board didn't want to do.

Supervisor Barrios noted that who you give notice to may not even be who they decide to lay off.

Ms. Shaw stated that it was a radical idea to give everyone a layoff notice.

County Counsel Granger spoke of historic data in regards to raising revenues. He explained that if you bump up revenues you're getting into guessing. He warned them to be careful on revenue projection.

Ms. Shaw stated that they have to be real.

Supervisor Botelho felt they should get rid of expense generating people and keep the revenue generating people.

Discussion was had about animal control and the truancy program.

Supervisor Muenzer stated that they collect revenue and either are mandated or expected to perform service for that fee. He added that they were not mandated to provide fire service or sheriff protection but were mandated to do animal control. He added that they were mandated to do the jail but not patrol.

Supervisor Rivas spoke of Economic Development revenues.

Supervisor Barrios recommended putting it on the agenda and adding that they budgeted money for it and not spent it all.

Hollister resident Marty Richman felt they put all departments in the same box. He noted that there was no cost to negotiate contracts but all costs were tomorrow, when you go to pay OPEB. He felt that they needed to start now and their expenses were more than their income. He expressed frustration as a member of the public. He advised that they change contracts as they come up.

Hollister resident Richard Bettencourt spoke in regards to the 1.3 million dollars sitting in the Habitat Conservation Ordinance. He asked if there was any way the Board could use in the Sheriff's Department for kit fox.

Hollister resident Marvin Jones stated that they had to honor their contracts. He spoke of the hopes of getting revenue from Integrated Waste. He asked how much of the 1.2 million is garbage being brought in and filling up our landfill from exterior garbage.

Chairman De La Cruz said they would respond later.

The Board adjourned at 10:45 a.m. for a break and reconvened into special session at 10:55 a.m. (*File #865*)

4. Impacts of Existing Budget Reductions.

Supervisor Barrios stated that there were a lot of surprises in the report. She recommended having departments put in a line item to put in unanticipated sick, vacation and pay outs.

Management Analyst Catherine Shaw asked if she meant a line item in salaries.

Supervisor Barrios suggested a percentage of their budget and they needed to start planning on that. She explained that if there was an unexpected payoff, then they would be partly covered.

Ms. Shaw stated that if there is a known retirement coming up some departments build it into their budget. She noted that Clerk Auditor Recorder Joe Paul Gonzales and she had talked about doing a contingency for each department. She explained that a line item forces departments to put something in.

Supervisor Barrios expressed that she would like to move forward with that. She noted that travel was being expended at the rate of 57% and asked to see how that money was being spent.

Discussion was had regarding the possibility of moving Risk Management to the Auditor.

Interim CAO Ray Espinosa noted that 9 out of 10 counties' representation was from their auditing departments.

County Counsel Matt Granger stated that he always felt Risk Management should be out of County Counsel but that it was in auditing because they wanted to control the premium. He added that Auditing didn't have a clue as to legal.

Supervisor Botelho asked what the cheapest way to go was.

County Counsel Granger replied Auditing.

Management Analyst Margie Riopel stated that the county belonged to Trindell and all persons on the Board were auditors. She explained that they joined the pool to save money and look at best practice issue for smaller counties.

Supervisor Barrios asked about agendizing the move to Auditing.

Interim CAO Espinosa stated that it would be done internally as to who it is most appropriate. He added that they could have auditing and someone from County Counsel attend the meeting as well.

Further discussion ensued.

Chairman De La Cruz asked when they would receive the approved budget.

Ms. Shaw stated that the Assistant Auditor and new accountant were working on it. She added that she would check with the Assistant Auditor as to the status.

Chairman De La Cruz asked about the final audit numbers for 2011/12.

Ms. Shaw indicated that they were probably working on that too.

Supervisor Muenzer noted that one of the biggest impacts is all the phone calls he receives on the conditions of roads. He asked if it was too much micromanaging to determine the order in which roads get repaired.

Supervisor Rivas felt it would be helpful to use a special meeting mid-year to get reports from department heads about their impacts and they could talk about things like the road issues then.

Chairman De La Cruz asked the Clerk of the Board to get together with the next Chair on how to set up that type of meeting.

Supervisor Barrios felt the public was accepting of the levels of service going down. She noted that employee related issues were hit hardest, all due to the contract. She added that bumping had created a scenario where employees end up in departments where they have no clue and that makes it increasingly hard for the department. She reiterated that primarily employee related issues have hurt them.

Chairman De La Cruz asked if they bump a general fund position could they move to Health and Human Services Agency (HHS).

Ms. Riopel explained that they could not do that.

Chairman De La Cruz then asked if a non-general fund employee could bump a general fund position.

Ms. Riopel replied yes.

Chairman De La Cruz stated that was not fair.

Ms. Riopel stated that it had to do with the Merit System and they had no control over it.

County Counsel Granger felt the Board should consider the layoff policy as it was antiquated, counter intuitive and difficult, which cost them a lot of good employees. He added that changes to the layoff policy would have to be negotiated with the unions and the Board may want to look at the layoff policy when they negotiated with the unions.

Interim CAO Espinosa spoke to the impacts from furloughs and to sick and vacation time to make sure there is coverage.

Ms. Riopel stated that furloughs actually added to the problem and it didn't help with vacation and sick time.

Supervisor Botelho spoke of reducing sick and vacation time.

Ms. Riopel indicated that the problem was that the contracts were already in place.

Chairman De La Cruz expressed disappointment in the negotiating team.

Hollister resident Marty Richman felt the county should have a use it or lose it policy and not just to reduce liability but for employee's health. He stated that

they needed to take vacation because it was not good for them or the organization, health wise or economically.

The Board convened at 11:45 for a lunch break and reconvened into special session at 12:00 p.m.

5. Areas for Potential Revenue Generation.

Supervisor Botelho suggested taking the prisoners from jail to the landfill to collect cans. He felt they needed to look at the fee structure on bigger projects and streamline it. He noted that it was very difficult because of restrictions.

Supervisor Barrios stated that there was ERAF money out there for the county to keep and they needed to continue the effort. She noted that the Governor was happy with the way Prop. 30 went and she suggested negotiating a percentage of it.

Supervisor Rivas expressed a desire for more comprehensive policy related to EDC.

Supervisor Muenzer stated that it was a source of frustration in trying to streamline development to get approved and then the developer sits on it. He indicated that one source of revenue they were looking at was talking with the people of the Williamson Act. He hoped he would not have a conflict. He stated that it was dead in Sacramento and they were looking at alternate programs, probably one to amend or cancel the Williamson Act contracts.

Chairman De La Cruz suggested they work more closely with the City of Hollister with an opportunity to generate revenue and reduce City of Hollister's expenditures. He felt they needed to revisit those points and find a new way to provide service to the public.

Hollister resident Marty Richman noted that the City of Hollister received approval for a 1% sales tax for 5 years, City of San Juan Bautista had a sales tax but there was no sales tax in the unincorporated area, which he felt they should look into. He suggested somewhere between 8/10ths and 1% for 5 years so they would line up and help the general fund. He indicated the potential for revenue generation with sales tax, for gas stations alone.

Interim CAO Ray Espinosa stated they were going to be looking at the possible sale of some properties.

Supervisor Barrios asked Interim CAO Espinosa to get a list of properties that San Benito County owns, how much rent was being collected and who was there.

Chairman De La Cruz added to include how much the county was expending to maintain the properties as well.

Hollister resident Marty Richman asked if the county owned property was tax exempt.

Ms. Riopel did not think the county paid taxes.

Int. CAO Espinosa noted that the county paid insurance.

Ms. Riopel added that the county was self insured.

Supervisor Botelho asked staff to look into the Southside Hospital property.

Supervisor Barrios indicated that they had directed the CAO to look into it.

Discussion ensued regarding business license taxes.

6. Areas for Further Budget Reductions.

Supervisor Barrios explained that a few years before she had received a comparison of all the departments to see how they were staffed. She felt they should have asked by budget units and not departments as she wanted to be as fair as they could. She directed staff to pick a year during the good times, when the population was about 50,000.

Management Analyst Riopel suggested looking at a year when the county was in the same position, noting that population hadn't changed that much. She suggested 1990, 1991 or 1992.

Supervisor Barrios commented that it would be great if they could do that.

Supervisor Rivas suggested meeting with department heads and they can give a report and give the Board a better idea of where to look for other reductions.

Supervisor Botelho felt they had to identify that level and look at what local government provides and separate into needs and wants.

Supervisor Muenzer felt they should look at mergers of general fund departments, giving the example of Planning and Public Works departments. He didn't think there would be much cost savings in merging non-general fund departments. He further felt they should work in conjunction with the City to provide service or the county obtain services and make consolidation happen.

Chairman De La Cruz stated that there were two issues, more cuts or salary reductions. He added that salary reductions were the best equalizer.

County Counsel stated that his office had 3 ½ attorneys with a \$500,000 to \$600,000 budget and the Public Defender has 3 ½ attorneys at \$1,000,000. He commented that they were a bargain at \$120 an hour with benefits. He felt they could do in house and save a bunch of money. He went on to explain possible ways to incorporate the public defender's responsibilities and budget into County Counsel's office and felt the cost savings was worth exploring.

Supervisor Barrios expressed that she like the idea and would like to explore. She mentioned a letter from UOP offering contractual services for public defending.

Supervisor Rivas asked that they agendaize the following for discussion at a future special meeting; public defender, OPEB, economic development money and 1990 budget unit staffing.

Supervisor Barrios asked for a special budget meeting to be held on December 11, 2012 at 9:00 a.m.

Hollister resident Marty Richman felt that it was unrealistic that department heads were going to spearhead consolidation efforts and that they should bump it up a level to the CAO.

Hollister resident Richard Bettencourt thanked the Board for letting them speak and indicated that they were trying to think outside the box.

7. Other.

Supervisor Barrios asked about CSA 26.

Management Analyst Margie Riopel stated that it had never been funded and to enact they would have to go to the 218 process.

County Counsel Matt Granger explained the history that he was aware of.

Supervisor Barrios asked about Resolution 87-142 and directed staff to look it up.

The vote of each member of the Board of Supervisors upon each matter at the foregoing meeting, unless otherwise stated, was as follows:

AYES:	SUPERVISORS:	Botelho, Rivas, Muenzer, Barrios, De La Cruz
NOES:	SUPERVISORS:	None
ABSENT:	SUPERVISORS:	None

There being no further business the Board adjourned at 12:45 p.m. to November 20, 2012 at 9:00 a.m.

JAIME DE LA CRUZ, CHAIRMAN
San Benito County Board of Supervisors

ATTEST:
Denise R. Thome, Clerk of the Board