

**TOWN OF YUCCA VALLEY  
SPECIAL TOWN COUNCIL MEETING MINUTES  
MARCH 26, 2013**

The special meeting of the Town of Yucca Valley Council was called to order at 5:04 p.m. by Mayor Abel. Council Members Huntington, Leone, Rowe and Mayor Abel were present in the room. Council Member Lombardo was present via Skype from the Inn at St. Mary's, Indiana Route 933, South Bend, Indiana

**DEPARTMENT REPORT**

**1. FY 2013/13 Budget Adjustment/Early Retirement Incentive Program**

Town Manager Nuaimi reported that staff has been projecting a budget deficit for fiscal year 2013-14 approaching \$400,000, and when other unfunded liabilities are included in the recurring costs of the organization the deficit grows to over \$750,000 annually. Town Council directed staff to bring back strategies for delivering a balanced budget. One strategy is an early retirement incentive program, offered to employees that qualify. In order to qualify, employees must be over 50 years of age and vested in the Public Employee Retirement System (PERS). Currently there are nineteen qualified staff members who have been polled as to their interest in participating if such a program were offered. It is believed that having such a program in place will deliver a significant amount of savings. The program generally offers retirees six months of severance pay and 12 months of medical coverage. If approved, staff will begin work executing individual separation agreements with interested retirees and bring them back for final Town Council approval at the April 2, 2013 meeting. Based on current workloads, retirements would occur in three waves beginning in mid-April, early-May, and early-June. The total program costs are estimated at \$300,000, and projected to deliver 1½ times in recurring savings.

**Margo Sturges**, Yucca Valley, expressed concern regarding using reserves. Ms. Sturges commended the Town on the transparency of the process bringing forward the early retirement program for public discussion.

Council Member Leone commented the \$300,000 being taken out for the program is a one-time expenditure and in line with balancing the budget and some of the expenditures the Town is faced with. Town Manager Nuaimi advised the amount could be spread over 2 fiscal years but staff is trying to address the proposed deficit and present a balanced budget for next year.

Council Member Rowe requested an explanation of the 3 waves. Town Manager Nuaimi advised it is mindful of some of the personal needs of some of the employees, and are also mindful of some of the ongoing activities that the Town

has already committed to and provide a smooth transition. He advised that a number of the positions will need to be backfilled, but that backfill will also provide a savings because of the two tier retirement system.

Council Member Leone requested an explanation of the amount of savings versus the \$300,000 expenditure. Town Manager Nuaimi advised the analysis shows that with this amount for the incentive program it is believed we can generate at least \$450,000 savings to the organization in future years, which gives us a big step towards a balanced budget.

Council Member Rowe requested clarification whether that savings is a net savings when talking about backfilling the positions. Town Manager Nuaimi advised the net savings will be under \$200,000 in year one, but the entire expenditure will be accounted for in this year's budget. Council Member Rowe stated she normally does not agree with taking funds out of reserves for a project, but does feel this is the right thing to do for our employees.

Council Member Huntington stated that, understanding reserves are only pot of money we have that meets the criteria, he is happy to see there are a number of employees interested in this program, noting the net savings will be beneficial to this process. Understanding also there will have to be some reorganization and concepts that will make the Town a leaner organization, the Town will make every attempt to provide the same service as it has in the past.

Council Member Lombardo asked if it is correct that this is a voluntary program, that people are choosing to retire and not being forced into it. Town Manager Nuaimi advised that is correct. Council Member Lombardo questioned if the savings that are anticipated will occur both in 2012/13 and 2013/14. He noted the program will cause some changes in service levels, but the goal is to allow the Town to have a balanced budget. Town Manager Nuaimi corrected that the way we are accounting for it is that we are taking all the expense this year which is why asking for budget to appropriate to the incentive program, that way we can realize all of the savings next year.

Council Member Rowe moved to: 1) Approve an Early Retirement Incentive program as outlined; 2) Authorize the Town Manager to negotiate individual separation agreements with qualified employees; 3) Establish an incentive program budget for FY 12/13 not to exceed \$300,000; and 4) Approve an Amendment to the FY 2012/13 Adopted Budget by appropriating \$300,000 from General Fund Undesignated Reserves to 05-01-7911 (Town Manager Operating & Salaries Contingency) to cover the one-time costs associated with the Early Retirement Incentive Program. Council Member Huntington seconded. Motion carried 5-0 on a roll call vote.

**AYES:** Council Members Huntington, Leone, Lombardo, Rowe and Mayor Abel  
**NOES:** None  
**ABSTAIN:** None  
**ABSENT:** None

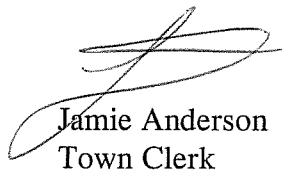
**PUBLIC COMMENTS**

Margo Sturges, Yucca Valley, commented regarding taking a roll call vote.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 5:19 p.m.

Respectfully submitted,



Jamie Anderson  
Town Clerk