

MINUTES
SPECIAL MEETING OF THE CITY COUNCIL
CITY OF MONTEREY
WEDNESDAY, February 28, 2007
4:00 – 6:00 P.M.
COUNCIL CHAMBER, FEW MEMORIAL HALL
MONTEREY, CALIFORNIA

CALL TO ORDER

Mayor Della Sala called the meeting to order at 4:00 p.m.

Council Members

Present: Councilmembers: Downey, Haferman Selfridge, Sollecito, Mayor Della Sala
Absent: Councilmembers: None

City Staff:

Present: City Manager, City Attorney, Director of Information Resources/City Clerk, Assistant City Manager, Finance Director, Plans, Engineering & Environmental Compliance Director, Public Facilities Director, Recreation & Community Services Director, Library Director, Police Chief

PUBLIC APPEARANCE

1. Mid-year Budget Review (Finance 406-03 - [see Staff Report](#))
 - a. Status report on City Priorities for FY 2006-07
 - b. Review of Mid-year Financial Report for FY 2006-07
 - c. Review Report Regarding Business Transformation Positions
 - d. Review and Resolution Approving Proposed Budget Adjustments

City Manager Meurer presented a status update on the Council Priorities. He emphasized the importance of the economic priorities in supporting and providing the revenues to drive priorities in the other categories. On question, he reviewed the status of the traffic impact fee, while Plans, Engineering & Environmental Compliance Director Reichmuth presented further details. On question, City Manager Meurer explained the Coastal Implementation Plan. Mayor Della Sala noted that the Council Priority list is available to the public in the City Clerk's Office.

City Manager Meurer reviewed the City's financial policies and reserve funds. On question, he clarified the difference between an "enterprise" fund and the "general" fund. Finance Director Rhoads presented the mid-year budget highlights for Fiscal Year 2006-07 and reviewed municipal finance terminology, revenue estimate changes, operating and capital expenditures, and City reserve balances. Councilmember Haferman requested information regarding last year's reserve balances, and Mayor Della Sala noted that last year's total was a little more than a million dollars lower than the current \$35.8 million.

Finance Director Rhoads reviewed the General Fund operating forecast through FY 2008-09. City Manager Meurer explained how the implementation of the General Plan is highlighted by the past land use decisions on the economic base, using the example of the Cannery Row Hotel. Mr. Rhoads explained the General Fund Ending Balance Forecast.

Councilmember Downey commended Finance Director Rhoads, and Councilmember Haferman agreed. Councilmember Haferman asked about the strategy regarding the RDA, and City Manager Meurer said that staff is working on an approach. Councilmember Sollecito said that the competition from other area cities is becoming fiercer, and the Council needs to strategize how to assist the business district. Mayor Della Sala stated that costs have to be carefully audited and controlled and reduced, and he believes that investing in technology for the future is the answer.

Assistant City Manager Cohn presented a staff report recommending that the Council adopt a resolution to amend the position control list to extend three contracts through June of 2010 for employees involved in the City's business transformation initiative. He reviewed the transformation project schedule. On question, he offered reasons to expand all three positions. City Manager Meurer explained that contract positions sometimes expire and sometimes are made permanent, depending on Council priorities. Councilmember Selfridge stated that she would prefer to see this during the June budget cycle. Assistant City Manager Cohn explained that the immediate business problem is the vacancy in the Information Systems Division.

Assistant City Manager Cohn reviewed the proposed budget adjustments for 735 Pacific, the phone system and the Vasquez Adobe restoration. Councilmember Selfridge said it is important to make this building a good workspace for the employees, but she might have viewed its purchase differently if she had this information previously. Assistant City Manager Cohn reminded the Council that the building was purchased for the purpose of increasing affordable housing, and afterwards it was decided that it would be a good location for interim employee offices.

Mr. Cohn reviewed the recommendation for a new Voice over Internet Protocol (VoIP) Phone system. He recommended making a transfer to establish an account and make the funds available for a future contract award by the City Council. On question, he explained that the goal is to deploy the new system in time for 735 Pacific's opening. Finance Director Rhoads reviewed a request from MY Museum for rent subsidy, and other miscellaneous adjustments.

Because it was nearly 6:00 p.m., Council agreed by consensus to extend the length of the meeting.

Mayor Della Sala opened the floor for public comments. Barbara Bass Evans, New Monterey resident, complimented the staff presentation. She asked to set the old priorities aside and start with new priorities. She said she agrees with the technology improvements, and she is pleased to be able to access staff reports on the web site. She asked to see a cost-benefit analysis of the program with the DoD, and for a strategy to save money. She suggested that Pacific Grove's approach of using volunteers to assist in making budget recommendations would be a good model. She encouraged more citizen input and a strategy on resident-serving businesses. Yvonne Ascher, President of MY Museum, said that they hope to foster some of the economic growth on a small scale with their efforts to improve the museum. With no further requests to speak, Mayor Della Sala closed public comment.

City Manager Meurer reviewed the significant and substantial accomplishments regarding traffic improvements. He explained that the Army contract has generated approximately \$750,000 in additional funds for the General Fund. He said that the economic development referenced is implementation of the General Plan as developed with a great deal citizen input and adopted by the City Council. He reviewed the City's various money saving efforts.

Councilmember Haferman said that when the transformation positions were approved, it was out of cycle, and it is still out of cycle. He suggested if he would be OK with approving an additional one year term, so the rest could be considered with other budget issues. City Manager Meurer explained that the mid-year budget review has historically be part of the cycle for making adjustments. He said that the other employee issues have been covered in the budget projections. Assistant City Manager Cohn said that the purpose of these positions is to create capacity within the organization to

accomplish additional work. Councilmember Haferman said he would like a better understanding of the upcoming reorganization before making this decision.

On Councilmember Sollecito's question, Mr. Cohn agreed that the best business decision would be to extend all three positions, and while filling the vacant Systems Analyst position is the immediate concern, he would return with a similar request if another of the positions were to become vacant.

It was moved by Councilmember Downey, and seconded by Councilmember Haferman to amend and adopt Resolution No. 07-030, amending the Position Control List to extend the term of one contract Systems Analyst through FY 2010, with the understanding that if another of the transformation positions becomes vacant a similar recommendation would be brought forward for that position.

On question, Assistant City Manager Cohn said that he would bring forward a recommendation to extend the other two positions during the upcoming budget process.

The motion carried by the following vote:

AYES:	3	COUNCILMEMBERS: Downey, Haferman, Selfridge
NOES:	2	COUNCILMEMBERS: Sollecito, Della Sala
ABSENT:	0	COUNCILMEMBERS: None

On a motion by Councilmember Downey seconded by Councilmember Haferman, and carried by the following vote, the City Council adopted Resolution No. 07-037, authorizing the transfer and appropriation of funds for various Mid-year Budget adjustments as described in the February 28, 2007 Staff Report entitled Mid-Year Financial Review

AYES:	5	COUNCILMEMBERS: Downey, Haferman, Selfridge, Sollecito, Della Sala
NOES:	0	COUNCILMEMBERS: None
ABSENT:	0	COUNCILMEMBERS: None

Councilmember Selfridge expressed concerns regarding acquiring a new phone system prior to building a Civic Center. Councilmember Downey said she has personally experienced some of the problems with the existing system.

Mayor Della Sala recused himself from voting on the budget transfer for the renovation of 735 Pacific Street due to a potential conflict of interest and left the room. Vice Mayor Haferman opened the discussion.

It was moved by Councilmember Downey, and seconded by Councilmember Sollecito to adopt Resolution No. 07-038, authorizing transfer and appropriation of funds for renovation of the building at 735 Pacific Street, as described in the February 28, 2007 Staff Report entitled " Mid-Year Financial Review."

Councilmember Selfridge said careful analysis is necessary before purchasing property. Councilmember Haferman said that Council purchased the property and this is the right thing to do.

The motion carried by the following vote:

AYES:	4	COUNCILMEMBERS: Downey, Haferman, Selfridge, Sollecito
NOES:	0	COUNCILMEMBERS: None
ABSENT:	0	COUNCILMEMBERS: None
ABSTAIN:	1	COUNCILMEMBERS: Della Sala

ADJOURNMENT

There being no further business to come before the City Council, Vice Mayor Haferman adjourned the meeting at 6:35 p.m.

Respectfully Submitted,

Approved,

Bonnie Gawf, City Clerk

Chuck Della Sala, Mayor