



**CITY OF MARTINEZ**

**CITY COUNCIL AGENDA  
June 24, 2009**

**TO:** City Council

**FROM:** Mayor Rob Schroder

**PREPARED BY:** Philip Vince, City Manager

**SUBJECT:** Consider Martinez Unified School District's Request for Financial Support in FY 2009/10

**DATE:** June 24, 2009

**RECOMMENDATION:**

Consider the Martinez Unified School District's request for a \$500,000 in-kind loan in exchange for a long term lease of land/building owned by the Martinez Unified School District (MUSD) to the City of Martinez to build a new Corporation Yard (Corp Yard) located in the County at Las Juntas Elementary School.

**BACKGROUND:**

The Martinez Unified School District Superintendent provided a follow up PowerPoint presentation at the June 3, 2009 City Council meeting requesting financial assistance from the City to help offset the proposed layoff of teachers in the next fiscal year (Attachments #1A and #1B).

A number of funding options were discussed between Council and the MUSD, with the Council generally agreeing to structure any financial assistance as a loan instead of a grant or donation. Moreover, the Council seemed receptive to negotiating an in-kind exchange involving the City vacating its current Corp Yard location and relocating their operations to property owned by the MUSD and located at Las Juntas Elementary School (Las Juntas School). This move would entail building a new Corp Yard and retrofitting the existing building on the Las Juntas School property site for additional office space and parking for staff.

The MUSD owns land and property adjacent to Las Juntas School and has indicated a willingness to lease the property to the City on a long term basis. To offset the requested \$370,000 amount of the loan, the City would not pay rent for approximately the first ten years of an agreed upon future long term lease. The additional \$130,000 loan request would be paid from the MUSD capital facilities development fund. If the proposed Corp Yard at Las Juntas School is deemed infeasible then the loans totaling \$500,000 must be paid back within eight years.

The City is currently paying approximately \$36,000 annual rent for the Corp Yard. The General Fund covers around 40%; of the fleet (which is charged out to other funds, including general fund) is another 40%; and water is 20% of the annual rent. This transaction may be beneficial for both parties and is described in more detail in the Fiscal Impact section of the staff report.

The MUSD was not opposed to the City of Martinez rezoning the property adjacent to Las Juntas School and annexing the parcel into the City. The County has indicated the annexation process might take six to nine months to complete.

Both the Public Works Director and Superintendent have studied the proposed property and completed a full needs analysis for review by the Council (see Attachment #2 layout configuration). In all likelihood the proposed annexation, the Corp Yard move, new design and construction would take up to 18-24 months to complete.

The City's Public Works Director is concerned that the final Corp Yard configuration may put the rear buildings too close to Las Juntas School existing classroom buildings. The County may object to the proposed building setbacks because these structures are on the same parcel of land as the school buildings, which makes establishing set-backs more difficult.

The other major concern is that the proposed Corp Yard configuration might not fall within the County Planning/Zoning regulations. The construction code requirements need to compliment all the other land use regulations. If the proposed set-backs of 10 feet for the new configuration are changed to 20 feet, then the overall square footage is reduced and the Corp Yard space utilization is compromised.

The Council directed staff at a preliminary budget meeting in May 2009 to move forward with relocating the Corp Yard to encourage a better use of the land as identified in the Downtown Specific Plan. Staff explored various building sites since then to relocate the Corp Yard, including building a new Corp Yard at the Water Treatment Plant, but has not identified an ideal location.

Although City staff wasn't provided with adequate time to appraise the land and building in question, the School Principal and MUSD were amenable to adding more land and changing the ingress/egress locations to meet the needs of a proposed Corp Yard on the site (see Attachment #2 drawings).

## **OTHER JOINT BENEFITS FOR THE CITY AND MARTINEZ SCHOOL DISTRICT**

In the spirit of cooperation the MUSD and the City want to use this forum as an opportunity to share other resources which would create more efficiency for both agencies. A number of cost saving ideas were discussed, including:

- The use of Alhambra High School swimming pool based on availability, while the City closes down the Rankin Park pool site for nine months during construction in 2010;
- reducing the costs associated with renting the Performing Arts Theater located at Alhambra High School by local theater groups;

- realizing significant savings from leasing and purchasing vehicles and equipment together;
- a use agreement to share use of ball fields while the City is rebuilding a number of parks around the City.

### **FISCAL IMPACT:**

Given the current time constraints both the City and the MUSD are facing, the primary objective of this staff report is to attain a tentative conceptual agreement between both parties. The financial considerations and lease agreement details would be developed by support staff and eventually approved by the City Council and the School Board at a future date.

One of the concerns of City staff is determining how a new Corp Yard can be financed. Staff studied financing options a few years ago when the City was considering building a new Corp Yard and determined that only a portion of a debt obligation can be paid from the Water Enterprise Fund. Given this financial scenario it is likely the General Fund would have to cover a considerable amount of the debt obligation. Given the small amount of General Fund currently expended on rent at the existing corporation yard, financing a new building is likely to entail greater expense than currently budgeted.

The Council may wish to consider funding alternatives and approaches other than those outlined in the staff report and direct staff accordingly for follow up. Based on the direction provided at the June 3 City Council meeting, and three subsequent meetings with City staff and MUSD staff in the past two weeks, both parties studied (1) structuring a \$370,000 loan as an in-kind transaction involving relocating the City's Corp Yard in exchange for a long term lease of land located at Las Juntas School; and, (2) The MUSD requested an additional \$130,000 in the form of a donation or a loan, and the City Council requested that the School Board find the dollars in their existing budget instead.

- The MUSD submitted two proposals to the City on June 18, requesting \$500,000 (see attachment #3). Both parties met and addressed the proposals and each others' concerns.
- If the City Council agrees to loan money to MUSD the City Manager recommends Proposal A, with the following changes: (1) Regarding the \$370,000 amount of the overall loan request, given the fact that the proposed Corp Yard is built at Las Juntas School, the City starts paying lease at \$38,000 per year payment in the 11<sup>th</sup> year and the renegotiated lease must be at least 30 additional years; 1(b) if the Corp Yard is deemed infeasible then MUSD must pay back the full loan amount of \$370,000 in eight years; (2) If the proposed Corp Yard is deemed infeasible then the \$130,000 loan amount earmarked from MUSD capital facilities fund toward offsetting the cost of building a new Corp Yard would instead be paid back in cash to the City within eight years.

**ACTION:**

Consider request by the MUSD and direct staff accordingly.

**ATTACHMENTS:**

#1A MUSD PowerPointe from May 6<sup>th</sup>

#1B MUSD Final Reduction Budget List

#2 City measurements and drawings determining the feasibility of building a new Corp Yard at the proposed Las Juntas Elementary School site.

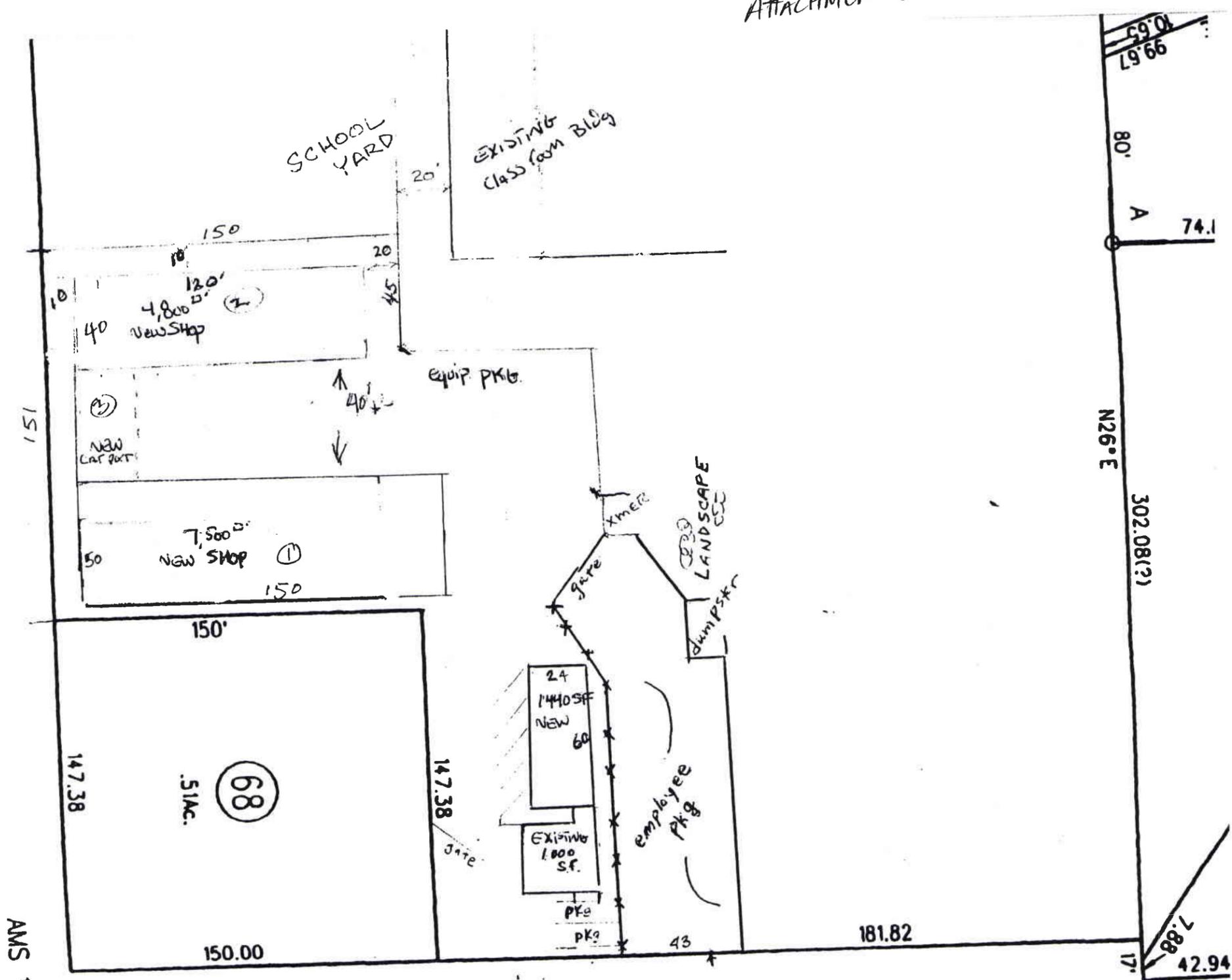
#3 Two Proposals by MUSD dated June 18, 2009



## Martinez Unified School District Final Budget Reduction List

	Item	Note: FTE = Full Time Equivalent	Amount
1.	<b>K-3 Class Size Reduction target 30:1 based on school configuration (Loss of 24.6 FTE)</b>		<b>\$650,975</b>
2.	<b>Eliminate Department Chair stipends</b>		<b>\$86,650</b>
3.	<b>Integrate Health into 9<sup>th</sup> grade Physical Education</b>		<b>\$51,561</b>
4.	<b>Reduce Computer Applications @ AHS</b>		<b>\$50,000</b>
5.	<b>Eliminate 9<sup>th</sup> grade CSR (class size reduction)</b>		<b>\$106,058</b>
6.	<b>Eliminate 1 certificated librarian – 1 librarian equally shared between Alhambra High School and Martinez Junior High School (1 FTE)</b>		<b>\$61,080</b>
7.	<b>Eliminate Assistant Athletic Director</b>		<b>\$2,376</b>
8.	<b>Primary use of online Data Director to reduce copies and paper</b>		<b>\$2,500</b>
9.	<b>Eliminate purchase of new library books</b>		<b>\$6,000</b>
10.	<b>Eliminate administrative substitutes</b>		<b>\$5,000</b>
11.	<b>GATE</b>		<b>\$25,000</b>
12.	<b>Reduce district vehicle usage</b>		<b>\$1,000</b>
13.	<b>Martinez Junior High School Para Educator C</b>		<b>\$26,525</b>
14.	<b>Reduce Curriculum and Instruction Director to .5 Coordinator</b>		<b>\$91,440</b>
15.	<b>Eliminate paid retreats</b>		<b>\$2,000</b>
16.	<b>Eliminate all catered luncheons for interview panels, negotiations, workshops, etc.</b>		<b>\$5,000</b>
17.	<b>Reduce professional development, travel and conferences</b>		<b>\$27,281</b>
18.	<b>Reduce .4 Counselor - align resources between Martinez Junior High School, Vicente and Alhambra High School (.4 FTE)</b>		<b>\$24,621</b>
19.	<b>Reduce copy leases and current copy charges</b>		<b>\$11,000</b>
20.	<b>Eliminate custodial overtime for non-emergency situations</b>		<b>\$7,851</b>
21.	<b>Reduce Bilingual Para Educator – 1 person at 3.5 hours</b>		<b>\$15,032</b>
22.	<b>Eliminate District-paid finger printing for substitutes and new employees</b>		<b>\$5,000</b>
23.	<b>Eliminate 3-hour Martinez Junior High School custodial position</b>		<b>\$6,900</b>
24.	<b>Eliminate Vicente Briones Para Educator C @ 3 hours and Para Educator B @ 3 hours</b>		<b>\$23,153</b>
25.	<b>Reduce Martinez Junior High school secretary position from 5 hours to 3 hours per day</b>		<b>\$13,379</b>
26.	<b>Reduce progress report mailings</b>		<b>\$6,000</b>
27.	<b>Eliminate guest speaker for Institute Day</b>		<b>\$3,750</b>
28.	<b>Eliminate Electrician @ 1 FTE</b>		<b>\$79,958</b>
29.	<b>Eliminate Indian Education secretary position @ .8 FTE</b>		<b>\$49,094</b>
30.	<b>Eliminate Computer Technician @ MAE @ 5 hours</b>		<b>\$57,583</b>
31.	<b>Supplemental hourly programs (categorical flexibility)</b>		<b>\$100,000</b>
32.	<b>Instructional materials (categorical flexibility)</b>		<b>\$40,000</b>
33.	<b>Reduction of 4 FTE at secondary level</b>		<b>\$240,000</b>
34.	<b>Reduce BTSA/PAR services for new teachers</b>		<b>\$23,298</b>
35.	<b>Routine repair and maintenance (categorical flexibility)</b>		<b>\$50,000</b>
36.	<b>Deferred maintenance (reduction of required match)</b>		<b>\$77,000</b>
37.	<b>Eliminate Painter @ 1 FTE</b>		<b>\$76,048</b>
	<b>Total</b>		<b>\$2,110,113.00</b>

ATTACHMENT 2



PACHECO

AMS 1-70-29-99



# MARTINEZ UNIFIED SCHOOL DISTRICT

*"Together we will ensure diverse paths to success and a quest for knowledge"*

## SCHOOL BOARD

*Denise Elskan  
John Fuller  
Vicki Gordon  
Kathi McLaughlin  
Ron Skrehot*

Attachment **3**

June 18, 2009

## DISTRICT STAFF

**Superintendent**  
*Rami Muth*

### Assistant Superintendent

**Personnel Services**  
*Rick Rubino*

**Chief Business  
Official**  
*Liz Robbins*

**Director  
Student Services**  
*Nancy Birenbaum, Ed.D.*

## Martinez Unified School District Proposals to the City of Martinez

### Proposal A

- \$500,000 City loans to MUSD
- Corp yard lease for 8 years at no cost to the City as the form of MUSD loan repayment. City starts paying lease at \$5,000 per month in 9<sup>th</sup> year. Lease amount to be renegotiated in year 10.

### SITE

#### ADMINISTRATORS

**Alhambra High**  
*Sue Mirkovich  
Principal*

#### Vicente Martinez /

**Briones School**  
*Carol Adams  
Principal*

**Martinez  
Junior High**  
*Helen Rossi  
Principal*

**John Muir  
Elementary**  
*Kathleen Kizziee  
Principal*

**John Swett  
Elementary**  
*Marjorie Pampe  
Principal*

**Las Juntas  
Elementary**  
*C.J. Cammack  
Principal*

**Morello Park  
Elementary**  
*Ann Dodson  
Principal*

**Martinez Adult  
Education**  
*Kathy Farwell  
Director*

### Proposal B

- \$130,000 City loans to MUSD
- \$370,000 City grant to MUSD
- Total \$500,000 to MUSD. MUSD repays \$130,000 toward development of facilities (Corp yard) as the loan repayment.