

CALL TO ORDER

Mayor Schroder called the meeting to order at 6:33 p.m. in the Council Chambers with all members present except Councilmember Menesini who arrived late.

PRESENT: AnaMarie Avila Farias, Councilmember, Michael Menesini, Councilmember, Mark Ross, Councilmember, Lara DeLaney, Vice Mayor, and Rob Schroder, Mayor.

EXCUSED: None.

ABSENT: None.

I. PRESENTATION OF BUDGET FOR FISCAL YEARS 2013-2015

City Manager Philip Vince made introductory remarks, discussing the process thus far and the purpose of this meeting to allow for public input and to insure that the budget is in keeping with the City Council's goals and policies. He discussed impacts from the federal health care act, State and local issues and the economy; and he reviewed input requested from the Council. He briefly commented on revenue issues facing the City, as well as general changes to this budget over the previous one.

Mr. Vince also expressed his appreciation to staff for the time and hard work they put into developing this budget, especially Finance Manager Cathy Spinella, Senior Management Analyst Mike Chandler and Assistant City Manager Alan Shear.

**Councilmember Menesini arrived at 6:50 p.m.*

Assistant City Manager Alan Shear presented an overview of fiscal years 2013-14 and 2014-15 proposed budgets, Council fiscal policies and General fund balance. He reviewed the 2013-15 General Fund Revenue Projections (total projected for 2013-14 is \$18,956,657; and for 2014-15 is \$19,207,284).

Mr. Shear explained the Budget Highlights, which included sales tax and sales tax in-lieu and major General Fund revenues, including property tax, franchise fees, charges for services, licenses, permits and fees, fines and forfeitures, etc. He further explained the General Fund expenditure projections for fiscal years 2013-15 (total projected for 2013-14 is \$18,985,748 and total projected for 2014-15 is \$19,228,987). Mr. Shear detailed projected revenues vs. expenditures, positions not in projections and new positions for future consideration. He reviewed the Enterprise Fund Summary, which included the Water System, Marina and Parking Services; the Special Revenue Fund Summary, which included public safety grants, NPDES, Measure J, gas tax, recycling, PEG access, lighting and landscaping and mitigation fees and the Internal Service Fund Summary, which included equipment and information services.

City Manager Vince commented on the Council goals and objectives (efficient and effective public safety services, ensure fiscal health, maintain and improve infrastructure, renew economic development efforts and community involvement). He also reviewed Community and Economic Development key objectives for 2013-15 related to additional revenue streams, positive relationships with sales tax generators, amphitheater usage, waterfront opportunities, support for businesses outside the downtown, Campbell Theater, a youth community center, affordable housing programs, cultural diversity and a possible downtown parking structure.

Assistant City Manager Shear discussed the Administrative Services Department 2013-15 key objectives, some of which were adopting a fund balance reserve policy, the General Plan update, a new sidewalk liability ordinance, community recycling, and the City's relationship with the Martinez School District.

Chief of Police Gary Peterson reviewed the Police Department 2013-15 key objectives, including the transfer of Code Enforcement to the Police Department, improvement of the Code Enforcement ordinance and procedures, and a survey to assess community trust and the effectiveness of the Neighborhood Policing Area Initiative.

Public Works Director Dave Scola reviewed the Public Works Department Inspection Division 2013-15 key objectives, which included adoption of and training in the 2013 California Building Standards Code, a solar permit streaming process, timely completion of and an effective cost control on all City projects and manage and inspect projects associated with the Water Treatment Plant Master Plan.

Public Works Superintendent Bob Cellini reviewed the Public Works Department Maintenance Division 2013-15 key objectives, related to maintenance of City parks renovated through Measure H, relocation of the City's Corporation Yard and development of a water main replacement priority list, all while maintaining its excellent safety record. He congratulated past and current staff for their commitment to safety. Vice Mayor DeLaney asked for clarification on the Shell settlement and whether it included Texaco monies. Staff confirmed the two were separate.

Vice Mayor Lara DeLaney also asked for more information on the plans to replace valves in the water system, which Mr. Cellini and Mr. Scola discussed.

City Engineer Tim Tucker welcomed Councilmember Menesini back and expressed appreciation for his restored health. He reviewed the Public Works Department Water Treatment Plant Division and Engineering Division 2013-15 key objectives, which included an upgrade of the electrical system for the plant, construction of a chemical containment facility, and implementation of the Water Treatment Plant Master Plan. In response to a question from Vice Mayor DeLaney, Mr. Scola explained the Water Treatment Plant SCADA system.

Mr. Tucker also discussed the Capital Improvement Program for fiscal year 2013-15, including revenues and expenditures and expenditures from the Water and Marina Funds. Vice Mayor DeLaney commented on the high cost for streetlights and the amount for the Marina dredge mitigation.

Assistant City Manager Shear discussed the process for the Community Groups funding and recommended amounts to be granted to the groups.

II. COUNCIL/STAFF DISCUSSION

Mayor Rob Schroder asked about past funding levels for community grants, which Finance Manager Cathy Spinella discussed. Mayor Schroder also asked about projected deficits and the fiscal impacts from the federal Affordable Health Care Act. Ms. Spinella explained additional recordkeeping requirements and anticipated costs to the City from the Health Care Act, and she noted that there is no more funding for a Strategic Planning position. She added that without that position it will be difficult to stimulate businesses to the City, resulting in less income, and eventually a deficit in the City's budget.

Vice Mayor DeLaney asked whether the projections include costs for the new PERS requirements that will be added in future years, and Ms. Spinella confirmed that they did. She also explained how the different amounts were calculated and added to the budget. Vice Mayor DeLaney also asked, and Ms. Spinella confirmed that the previously-frozen positions were not included in the budget.

Councilmember AnaMarie Avila Farias asked if City policy regarding how part-time positions are handled will be changed to address the Health Care Act requirements. Staff confirmed that the current policy is being reviewed, and Ms. Spinella briefly discussed some of the considerations in tracking hours worked, especially for part-time or seasonal workers. Councilmember Avila commented on the need for a comprehensive, holistic policy to address the issues.

Mayor Schroder commented on the healthy unrestricted fund balance and possible changes to the policy, which could be something for the Budget Subcommittee to consider. He also requested that the Mt. Diablo School District be added to the Administrative Services key objective, "to further strengthen our relationship with the Martinez Unified School District."

Councilmember Mark Ross acknowledged the additional requirements for tracking, but he also noted that new competition might contribute to a cost reduction. Vice Mayor DeLaney noted that the County's healthcare costs have steadily increased over the last 10-12 years.

Councilmember Ross also asked about the City's costs for OPEB (Other Post Employment Benefits), which staff indicated had been discussed at the Subcommittee level. Ms. Spinella reviewed some of the information, but added that a full report will be presented at a future Council meeting.

Councilmember Ross commented on projected property tax revenues, the need for a hotel in the downtown (that could be done in conjunction with a new parking structure), the City's reserve policy, improvements for the Council Chambers along with proposed upgrades for the upstairs of City Hall, and the use of new technology to develop City "apps." He commended City staff for their excellent work in developing and managing the budget. He also asked for clarification on funding for the Campbell Theatre, possibly even after the current lease expires. He suggested an RFP in determining its future use, and he and Mr. Vince discussed possible terms.

Councilmember Avila Farias expressed appreciation to staff as well. She added general remarks about the need to strengthen economic development, the need for a Planning Director to take the lead, and preparation for the impacts of the Healthcare Act.

Mr. Vince noted that there were only two new positions in this budget - one an Executive Secretary for the City Manager's office and the other a Deputy Director - but he added that the Council has the discretion to make changes as needed. He agreed that economic development was critical to the City's future. Councilmember Avila acknowledged that the new Deputy Director would be beneficial, but she thought a permanent fulltime person to handle Planning issues was crucial.

Mayor Schroder said he thought the discussion about the City Manager's Secretary was premature; he agreed with Councilmember Avila that a Planning Manager or Planning Director was essential as the City moves forward. He was hopeful that it would happen eventually.

Vice Mayor DeLaney asked for clarification as to whether the proposed Planning position would be Planning Manager or a Community Development Director. Mr. Vince confirmed he did not see hiring a Community Development Director in the near future. She also asked about the role of a Recreation Manager, a position listed for future consideration, which Mr. Vince discussed.

Councilmember Menesini agreed that future needs will require additional staffing, in Planning and in Recreation; he also acknowledged that it is not possible right now. He agreed with Councilmember Ross that concerns about the impacts of the Healthcare Act were probably not as dire as some have said. He discussed with staff the possibility of split roll property tax assessments in the future, collaborating with neighboring jurisdictions for development of a SWAT team, a Citizens Police Academy and addition of the Planning Manager position.

Vice Mayor DeLaney expressed appreciation for the excellent budget work and presentation by staff, as usual. She also commented on and discussed with staff the healthy state of the City's finances, concern about the Marina fund, the Planning Manager position, potential use of the Amphitheatre, development of affordable housing programs, the shifting of Code Enforcement to the Police Department, the possibility of adding solar requirements for new construction, Measure H park improvements and potential cracking of tennis courts, and improvements at the Corp Yard (and related funding issues).

Councilmember Ross asked about the budget for City Attorney costs, which staff clarified; he expressed concern about future needs.

III PUBLIC COMMENTS/OTHER COMMENTS

Mayor Schroder opened and closed public comment on the budget, with no speakers coming forward.

Mr. Vince expressed his appreciation to staff for their excellent work. The Council echoed his commendation.

ADJOURNMENT

Adjourned at 8:56 p.m. to a Regular Council Meeting on June 5, 2013 at 7:00 p.m. in the Council Chambers, 525 Henrietta Street, Martinez, California.

Approved by the City Council,

Rob Schroder, Mayor

Mercy G. Cabral, Deputy City Clerk – 6/19/13