



## MINUTES

Tuesday, May 22, 2018

5:30 P.M. Closed Session

6:30 P.M. Open Session

### SPECIAL MEETING

#### CITY COUNCIL, AIRPORT COMMISSION, MARINA ABRAMS B NON-PROFIT CORPORATION, PRESTON PARK SUSTAINABLE COMMUNITY NON-PROFIT CORPORATION AND SUCCESSOR AGENCY OF THE FORMER MARINA REDEVELOPMENT AGENCY

Council Chambers  
211 Hillcrest Avenue  
Marina, California

1. CALL TO ORDER
2. ROLL CALL & ESTABLISHMENT OF QUORUM: (City Council, Airport Commissioners, Marina Abrams B Non-Profit Corporation, and Successor Agency of the Former Redevelopment Agency Members)  
  
MEMBERS PRESENT: Nancy Amadeo, Frank O'Connell, Gail Morton, Mayor Pro-Tem/Vice Chair David W. Brown  
  
MEMBERS ABSENT: Mayor/Chair Bruce C. Delgado (Excused)
3. CLOSED SESSION: *As permitted by Government Code Section 54956 et seq., the (City Council, Airport Commissioners, Marina Abrams B Non-Profit Corporation, and Redevelopment Agency Members) may adjourn to a Closed or Executive Session to consider specific matters dealing with litigation, certain personnel matters, property negotiations or to confer with the City's Meyers-Milias-Brown Act representative.*
  - a. Labor Negotiations
    - i. Marina Public Safety Officers Association  
  
City Negotiators: Layne P. Long, City Manager and Employee Relations Officer
4. MOMENT OF SILENCE & PLEDGE OF ALLEGIANCE (Please stand)
5. OTHER ACTION ITEMS: *Action listed for each Agenda item is that which is requested by staff. The City Council may, at its discretion, take action on any items. The public is invited to approach the podium to provide up to four (4) minutes of public comment.*

**Note: No additional major projects or programs should be undertaken without review of the impacts on existing priorities (Resolution No. 2006-79 – April 4, 2006).**

- a. City Council, Airport Commission, Abrams B Non-Profit Corporation, and Preston Park Sustainable Community Non-Profit Corporation consider adopting **Resolution No. 2018-53, Resolution No. 2018-03(NPC), and Resolution No. 2018-03 (PPSC-NPC)**, receiving additional information updating the City 2018-19 proposed budgets; Providing direction towards budget adoption.

**Lauren Lai – PART I**

May 8<sup>th</sup> – FY18/19 Budget Overview, Citizen Initiatives, Council & Public Discussions

May 22<sup>nd</sup> – Additional information, Council & Public Discussion

June 5<sup>th</sup> – Consider adopting FY18/19 budget

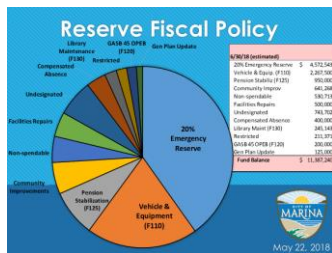
**Recap of Council’s May 8<sup>th</sup> direction and look at the additional material**

**Update General Fund (F100)** (Increase revenues \$375k; Increase expenditures \$75k; Revenues & expenditures \$22.9M)

General Fund F100	FY18-19 Budget
<b>Revenues</b>	
Proposed 5/8/2018 version	\$ 22,562,714
Updated fee revenues	\$ 200,000
Property tax (S/A MRA Residual Pass-through)	\$ 100,000
Property Tax (transfer tax)	\$ 75,000
<b>Revised Revenues</b>	<b>22,937,714</b>
<b>Expenditures</b>	
Proposed 5/8/2018 version	\$ 22,862,714
Professional Services - groundwater protection	\$ 150,000
Reduce the Transfer-Out (CCIP CH & Annex Bdg)	\$ (75,000)
<b>Revised Expenditures</b>	<b>22,937,714</b>

**Position Classifications** (Senior Bldg. Insp → Building Inspector (1FTE); Account Tech → Payroll Technician (1FTE); Planning Contractor → Planner (1 FTE, temporary); June 5<sup>th</sup> – Council consider & approve these three (3) job classifications & descriptions) = **General Fund 92.5 FTE Plus Recreation 12,000 hours**

**Reserve Fiscal Policy**



**Unmet Needs – insufficient \$**

Pavement maintenance (\$2.5M per year, \$13M project backlog); Facility Projects Fund (Repairs & Maintenance \$5.6M); New Facility Funding (i.e. fire station \$5.4M, parks \$39M, other \$ TBD); ADA Compliance (\$ TBD); Sidewalks maintenance & improvement (\$7.6M estimated); Storm Drain maintenance (\$ TBD); Parks maintenance & improvements (\$ TBD); Traffic Signal replacement (average cost \$100,000 x 21 units); Fire Engine or Truck (\$0.6M - \$1.4M estimate); Vehicle Savings Fund (\$400k/yr or \$4.2M repl value, \$2.6M target); Fire second engine company (staffing, engine, facility); Compensated Absence Liability (\$1.3M per audited FS); Unfunded Retiree Health (\$2M per audited FS); Unfunded Pension (\$16M, per audited FS); Blight Removal (\$ TBD); Program/Department Information Technology (\$ TBD); Other Services/Priorities (\$ TBD).

**PEG Fund Update** = Access Monterey Peninsula (\$50k – FY18/19 equipment = Use PEG fund balance)

**CIP Update = EDF1810 City Hall & Annex Building** = (1) eliminate GF \$75k (2) Use from \$87k TI13 Calif Rsv Carmel - **HSF1903 Emergency Response Radios** - Accounting - **QLR1901 Del Monte Blvd Median Landscape** – modify scope & title design & install landscape changes.

**Council Direction May 8<sup>th</sup> = Groundwater protection** (FY16/17 \$255k; FY17/18 \$735k (to date); FY18/19 \$650k (budget)) - **NPS Sports** – Tenant rent billing ~ \$3,800/month, Receipt ~ \$1,500/month, Outstanding Balance ~ \$340,000 - **Preston Park addressing debt in FY18/19 workplan** - **General fund balance** – by City Manager

Council Questions: NPS Sports, Roller Hockey Building- why is there \$340,000 in back rent; does the city consider them delinquent \$340,000 or are they doing something to offset this amount; who is liable for this rent, is it a corporation, is it an individual, are there individual guarantors; do we have any record of credits (hours vs. dollars); how do we fix this negative; has the city looked at the tenants P&L reports within the last 5-years; who keep the rents from the indoor soccer or adult soccer who have access to this property; is there a Program Of Utilization (POU) for this building; are there activities going on in that building that should not be happening; has the city gone over the tenants book to see if the rent is too high; Property Tax Pass Through of \$100,000 as increased revenue, how did we go from \$10,000 to \$100,000 when last week we were at \$10,000; Property Tax Transfer Tax of \$75,000, why is it different from last week; Fee revenue of \$200,000 why are we putting it in now until waiting till mid-year; Position Classification-what is the difference between the Building Inspector vs Senior Building Inspector; we don't have any of those positions now and we're going to fill it with building inspector levels, correct; FTE of 92.5 positions, is that what we currently have or is that what's funded but we don't have them on board (does this include vacant positions); Fund 100 Update on \$314,000 explanation, how can staff be sure that the city will receive the projected revenues outlined in the slides; Property Tax transfer updated by outside source, correct; TOT- does the total of \$3.3 million include the revenues of \$450,000 from Springhill Suites; Preston Park Reserves- to enhance its revenues to enhance its values so that it can pay off \$37 million debt should more funds be put into Fund 556 each annual year; Airport Stormdrain Mitigation- balance forward of \$24,399 and the proposed FY 18-19 revenues of \$35,000 and expenditures of \$59,000 since the expenditures are exceeding the \$24,000 that the balance at the end of 18-19 will be \$399.00; is there a limitation as to this city being able to transfer money from the Enterprise Fund in general to a specific project; do we need FAA approval to transfer monies; NPS Sport- isn't there a statute of limitations on written contract for recovery that you can only go back 4-years; Fee Study, NPS is show the fees being reduced for FY 18-19 why; ?

Public Comments: None received.

**BROWN/AMADEO: TO RECEIVE THE ADDITIONAL INFORMATION UPDATING THE CITY 2018-19 PROPOSED BUDGETS; AND DIRECT STAFF TO ADDRESS THE ISSUES THE COUNCIL HAS BEEN ADDRESSING.**

Council Member O'Connell asked for a friendly amendment – “to have staff come back with a recommendation as the possibility of hiring an additional individual for the airport to assist our present Airport Services Manager”. If the funds are going to be used to be paid out of the Enterprise fund I would just like to know if its financially feasible to do so and if that person would be a full-time employee.

Council Member Amadeo Seconded the motion with the friendly amendment if the maker of the motion agrees to the friendly amendment.

Mayor Pro-Tem Brown, it's accepted.

**Amended Motion**

**BROWN/AMADEO: TO RECEIVE THE ADDITIONAL INFORMATION UPDATING THE CITY 2018-19 PROPOSED BUDGETS; AND DIRECT STAFF TO ADDRESS THE ISSUES THE COUNCIL HAS BEEN ADDRESSING TO HAVE STAFF COME BACK WITH A RECOMMENDATION AS THE POSSIBILITY OF HIRING AN ADDITIONAL INDIVIDUAL FOR THE AIRPORT TO ASSIST OUR PRESENT AIRPORT SERVICES MANAGER. 4-0-1(Delgado)-0**

**Motion Passes**

**City Manager Long – PART II - Definitions**

**Balanced Budget – City of Marina Resolution No. 2012-46**

- Balanced budget shall be defined as the anticipated annual fiscal expenditures not exceeding the annual fiscal revenues less non-recurring fund transfers;
- Require all future proposed balanced budget shall, if necessary, reduce expenditures of a specific department in a manner that is consistent with the proportional percentage that that specific department has to the total proposed City General Fund Budget appropriation per the proposed General Fund budget, annual proposed expenditures;
- . . . . . Maintain our policy of reserve balance of whatever that is, 5%

**Balanced Budget** – Total operating revenues are equivalent to, or greater than, total operating expenditures, including use of reserves and fund balance. Typically, any year-end operating surpluses will revert to unallocated fund balance, or maintaining reserve levels set by policy, or are available for capital projects and/or “one-time only” General Fund expenditures.

**Structurally Balanced Budget** – Only ongoing revenues are used to support ongoing expenditures.

**Structural Deficit** – The financial gap that results when ongoing revenues do not match or keep pace with ongoing expenditures.

**Capital Improvement Program (CIP)** – The City’s plan for current and future projects related to the acquisition, expansion, or rehabilitation of buildings, vehicles, equipment, parks, streets, and other public infrastructure. The five-year CIP will project capital needs and spending for a five-year period.

**Fund** – An independent fiscal and accounting entity used to account for all financial transactions related to the specific purpose for which the fund was created.

**Fund Balance** – The difference between total revenue sources and total expenditures in a fund. The fund balance is calculated at the end of the fiscal year.

**General Fund (F100)** – The primary operating fund used to account for all the revenues and expenditures of the City. General Fund revenues are primarily supported by general taxes and fees and typically pay for citywide services such as public safety, community development, recreation, parks, and public works.

**Vehicle and Equipment Replacement (F110)** – Established to provide for the scheduled replacement of fleet vehicles and major equipment at the end of their useful lives.

**GASB 45 OPEB (F120)** (Government Accounting Standards Board and Other Post-Employment Benefits) – A Fund established to report and account for required post-employment healthcare.

**Pension Stabilization (F125)** – A Fund established to help fund unfunded liabilities and other uncertainties with the CalPERS retirement system.

**Library Maintenance (F130)** – Established to fund Marina library maintenance, repairs and/or utilities.

**Facility Maintenance and Repair** – Established to provide for the orderly maintenance and repair of existing city facilities.

**Community Improvement** – A fund set aside to accumulate funds to provide for the acquisition and development of new public facilities or community improvements or enhancement to existing facilities and other quality of life improvements identified in the General Plan, Parks & Recreation Master Plan, Downtown Vitalization Plan and other adopted City documents.

**Undesignated Fund Balance** – A Fund that represents unallocated fund balance, which can be designated at any time for use by the City Council.

**Compensated Absence** – Established to fund accrued employee leave balance such as vacation, compensated time off etc.

**Non-Spendable** – These amounts are long-term revenues which are non-spendable amounts within fund balance.

**Restricted** – These are funds designated for a specific purpose and are restricted (CSA 74 Fire Grant).

**Reserve** – Represents the portion of fund balance set aside for financing future financing needs and addressing one-time emergency or unanticipated events.

**Emergency Reserve (20%)** – An appropriation of funds to cover unforeseen events during the budget year, such as emergencies, disasters, unforeseen and unplanned events or revenue shortfalls. The intent is to maintain the City’s fiscal stability in the event that unanticipated events reduce revenue or create obligations that significantly impact the current year budget. Examples of such events include a downturn in the economy, a natural disaster or actions that may be taken by another governmental agency that significantly reduce revenues and/or increase expenses for the City.

Council Questions: Community Improvement & Capital Improvement Program - where do impact fees fit in, is that a sub-account of either fund; if impact fees are established what account would they sit in; proper uses of impact fees; is there a formula applied for impact fee distribution; Community Improvement-Undesignated Fund Balance-Facilities & Maintenance-Vehicle Replacement/Equipment Replacement, would it be wise to make those as a percentage increase of our budget or will it be divvied up between accounts; what is the proper way to grow those accounts just as with Vehicle Replacement and Equipment Replacement, how do we grow those to meet our needs; Non-Spendable-when the hotel note comes in does that go into the general fund or then can we decide to allocate it into the Community Improvement, Undesignated or spend it on whatever?

Council Direction: that we:

- (1) have a study session or have the force at some point how we need to address ongoing revenue increases in the necessary accounts for the improvements in our city or to even maintain our structures in our city; and
- (2) and to have staff bring back to council Impact Fee Calculation so we know for every thousand dollars how does that get allocated.

6. ADJOURNMENT: The meeting adjourned to 8:10 PM

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Anita Sharp, Deputy City Clerk

ATTEST:

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David W. Brown, Mayor Pro-Tem