

## MINUTES

### SPECIAL CITY COUNCIL MEETING

TUESDAY, JUNE 23, 2008 - 5:30 P.M.

#### CALL TO ORDER

**Mayor Gingles called the Regular Session to order at 5:30 p.m.**

In attendance were the following: Councilmember Placido Garcia, Councilmember Gary Kraus, Councilmember Karen Slusser, Vice Mayor Michael Dunsford and Mayor Jack Gingles.

Also present were, City Manager James McCann, Administrative Services Director David Spilman, and City Clerk Susan Sneddon.

#### ORAL COMMUNICATION

None provided.

#### ADOPTION OF MEETING AGENDA

It was **MOVED** by Vice Mayor Dunsford and **SECONDED** by Councilmember Slusser to approve the Council Meeting Agenda. The Motion was carried unanimously.

#### GENERAL GOVERNMENT

1. **Overview by the City Manager and Administrative Services Director of the Fiscal Year 08/10 City General Fund Operations and Capital Improvement budget.**

**City Manager McCann** introduced this item and provided a brief history of the City's two-year budget process. He stated that staff has reviewed the previously adopted short and long-term goal and priority projects along with the existing State budget issues; staff considered the City to have a healthy reserve and listed significant ongoing capital projects.

**Administrative Services Director Spilman** stated that the City's revenues are estimated conservatively and the operating expenses are a reflection of the continued prior year. He stated that the City's operating surplus is \$600,000 and the projected ending reserves are \$2 million (26% of the operating expenditures) for FY 2009/2010.

**Vice Mayor Dunsford** asked about the City's Transient Occupancy Tax (TOT) revenues and general occupancy rates.

**Administrative Services Director Spilman** responded that the occupancy rates have been reported to be stable or increased, and he predicts a 3-4% increase of TOT revenue.

**Councilmember Kraus** stated that with Solage's opening there does not appear to be a decline in the City's occupancy rates.

**Administrative Services Director Spilman** stated that due to the State's budget situation staff has taken into account potential financial impacts from changes to COPS funding (Public Safety Funds) and booking fee regulations. He stated that the State may opt to take advantage of a one-time borrowing opportunity from cities (available through Proposition 1A) which could amount to up to 8% of the City's annual property tax (approximately \$145,000). He stated that Proposition 42 funds (approximately \$50,000) for street maintenance and street improvement projects may be reduced; the State may eliminate Proposition 172 funds which provide the City \$57,000/year for public safety funds and \$32,500/year from vehicle license fees. He stated that he will be monitoring the State Budget situation very closely and will keep Council apprised.

**Councilmember Kraus** stated in light of the State budget situation and concerns regarding when Terrano Resort will open and projections for the property tax and TOT more conservative budgeting is in order. He requested that staff develop a plan to address the impacts resulting from possible revenue reductions and report to Council with possible City budget amendments. He stated that the City should collect the appropriate amount of development Impact fees to be in conformity with State law. He asked if the green initiative fund is a "place holder" for developing future green environmental policies and requested that any unused funds not be shifted to other accounts. (**Administrative Services Director Spilman** responded that these funds are identified only for this project.

**City Manager McCann** stated that the funding for green initiatives is merely a starting point for the City to move forward in developing a plan.

**Councilmember Kraus** asked if the funds allocated for the proposed budget for Capital Improvement Projects for Public Works, Police Station and City Hall improvements are utilizing remaining funds from last year's ADA accessibility improvements funds.

**City Manager McCann** responded that some of last year's Capital Improvement Funds were utilized for ADA and City Hall improvements; a portion of the remaining funds will be included to address space improvements in a more substantial way of addressing these needs.

**Councilmember Kraus** stated that the proposed Planning and Building office space improvements need to be efficient and cost effective. He asked if "Other Post Employment Benefits" in the City's budget is a required regulation (**Administrative Services Director Spilman** responded that it is required).

**Councilmember Kraus** requested that the budget provide a greater description of the activities of each department as they relate to General Fund expenditures (Budget Narratives). He added that such information will help the public to better understand the services being provided and will serve as a base for strategic planning and performance measurement in the future. He asked why there is an increase in personnel services for City Council in the proposed budget.

**Administrative Services Director Spilman** responded that the increase is due to the City providing all five members of the Council participation in CalPERS medical and dental insurance if they so desire. He stated that in the past Councilmembers have not chosen not to participate in this benefit.

**Vice Mayor Dunsford** asked for clarification of the funds allocated for the renovation of the Monhoff Center.

**City Manager McCann** responded that approximately \$800,000 was budgeted for the renovation of Monhoff Center; however funding for recreational facilities has been re-programmed directing the majority of the fund towards the new structures at Logvy Community Park, leaving \$100,000 for improvements to the Monhoff Center.

**Vice Mayor Dunsford** asked for surety that funds allocated for the gazebo at Pioneer Park will be well spent. He asked about the nature of the funding allocated to river bank improvements at Pioneer Park.

**City Manager McCann** stated that the bank erosion caused by soil failures will be addressed with the adoption of the proposed budget.

**Councilmember Slusser** suggested hiring contract personnel instead of hiring additional personnel when practical.

**City Manager McCann** stated that the suitability of having contracted verses full time staffing is always considered when assessing a service demand.

**Councilmember Garcia** thanked staff for the budget presentation and asked if the plans for the gazebo at Pioneer Park will include a stage.

**City Manager McCann** responded that the existing gazebo will be replaced with a more functional stage. He stated that in the planning process input will be received from the various users.

**Mayor Gingles** suggested initiating a cost saving measure by directing Public Works staff to purchase supplies in bulk, and he suggested that overtime wages for Police staff for be re-evaluated. He commented that there appears to be more programs listed under the Community Resources Departments than in the past with an increase in funding.

**Councilmember Slusser** asked if the services listed under the Community Resources were provided by the City in the past.

**City Manager McCann** responded that these having been ongoing City services and were listed under different sections of the budget in the past.

**Councilmember Kraus** suggested that a study session be scheduled to develop strategic planning for parks and recreation.

**City Manager McCann** stated that scheduling a study session to review these programs is a good idea to assure that the City is going in the desired direction.

**There was Council consensus for staff to move forward with the budget development for the Fiscal Year 08/10 City General Fund Operations and Capital Improvement budget.**

#### **CITY COUNCIL ADJOURNMENT**

**Mayor Gingles** adjourned the meeting at 9:05 p.m. to the next scheduled to the Special City Council and Planning Commission Joint Meeting on Wednesday, June 25, 2008, Calistoga Community Center, 1307 Washington Street, 6:30 p.m.; and then to the next scheduled regular meeting to the Calistoga City Council, on Tuesday July 1, 2008, Calistoga Community Center, 1307 Washington Street, 7:00 p.m.

**Respectfully submitted:**

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**Prepared by: Susan Sneddon, City Clerk**

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**Approved by: Jack Gingles, Mayor**