

AGENDA NO: A-4

MEETING DATE: 6/25/2013

MINUTES - MORRO BAY CITY COUNCIL
BUDGET WORKSHOP – JUNE 12, 2013
VETERAN’S MEMORIAL HALL – 5:00P.M.

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Andrea Lueker	City Manager
	Jamie Boucher	City Clerk
	Rob Livick	Public Services Director
	Amy Christey	Police Chief
	George Rees	Fire Captain
	Eric Endersby	Harbor Director
	Susan Slayton	Administrative Services Director
	Joe Woods	Recreation & Parks Director

Mayor Irons called the meeting to order at 5:00 p.m.

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE

PUBLIC COMMENT - For Special Meetings, members of the audience may address the Council only on items that are listed on the agenda.

John Dinunzio, the Economic Development Program Coordinator at the Chamber of Commerce thanked the Council for their leadership, cooperation and support. He stated that their commitment to economic development is to champion the voice and the value of the business community while moving our economy to new and brighter heights. Currently they are working with 10 potential new business accounts for Morro Bay. They have 2 businesses now operating out of the incubator program at the Chamber; watching these will provide a key benchmark to evaluating the overall performance. As a business resource center they are making relevant information available to business prospects; they are also adapting to new technology platforms. He concluded by hoping that Council will approve the \$58,000 in the budget for the continued funding of the Chamber/Economic Development Program.

Christine Rogers, the Economic Vitality Corporation’s Program Manager reiterated their request for additional funding for the EVC. The EVC supports technology by enhancing broadband infrastructure, tourism, implementation of economic initiatives which support the clusters of opportunity, and direct business engagement ensuring all our businesses have access to the resources they need to thrive. This additional funding request is also related to the Economic Analysis Program which is a pilot project being undertaken with the County, providing economic analysis of individual development projects and providing information related to jobs, earnings

and sales; and information relative to short and long term planning. She thanked the Council for their continued support.

Bruce Keogh, both a resident and Manager of the City's WWTP referenced the \$90,000 contingency discussed at the last budget workshop meeting. He urged the Council to keep this \$90,000 contingency in the budget to be used for good faith labor related negotiations. He is also concerned about salary compaction between the Management Unit, the POA and SEIU employees and looks forward to discussing this issue in upcoming negotiation meetings with the staff. There needs to be resolution of this issue for successful long term management strategy for the City. As a manager for the City, he is very concerned about the morale of City employees as well as recruitment and retention due to compensation. He also urged Council to consider revenue generation measures.

Darryl Scheck, Field Rep for SEIU Local 620 stated they have been at the bargaining table since February and understand that the City has difficult decisions to make. In years past, the employees have taken concessions and had contracts imposed on them. Members' wages are not keeping up with cost of living and health costs are rising. Members have given over the years; all they are asking for is to be treated equitably and fairly.

Mike Woods, Field Rep for SEIU Local 620 stated that he has been the representative for Morro Bay for the last 3 years and he has seen the City employees falling behind in salary. The employees have received no salary increase in the last 5 years whereas the CPI has risen 11%. He asked Council to keep the \$90,000 set aside in the budget for compensation purposes. He echoed that Morro Bay is one of the lowest paid employee groups in the County and the City will end up as a training ground. He hopes the Council will make the employees a priority.

Karin Moss, Morro Bay Director of Tourism spoke in hopes that Council will not make any cuts to their proposed 2013/14 budget. She hoped that Council recognizes the quantifiable in-roads made with the Destination, Local and Regional marketing campaigns. Any cuts to the marketing budget will definitely result in a reduction of the market share. Over the last six months, the Tourism Bureau has flourished into a "one stop shopping" resource producing marketing collateral materials for both tourism and local organizations. They have been proactive in assisting the community with media and community relations, event planning and promotion, targeted media pitching, social media and marketing consultation. She thanked Council for their ongoing support and is requesting these monies so that they can keep the Morro Bay brand consistently in the public eye.

John Meyers, member of the TBID and Tourism Bureau requested the Council continue their support for funding for the tourism effort at the same level as this year. He presented reasons for their request: ~projecting to turn in, in excess of 2.2 million of TOT revenue to the City which is up \$400,000 from 2010; ~people don't recognize that a 10% increase in TOT equates to substantial growth in Economic Development for the City.

Mike Mobley, City employee and SEIU Local 620 Steward stated that the \$90,000 can potentially be used as a 3% salary increase. Last year SEIU had their contract imposed on them

and employees went through a tough time. He concluded by stating that the City's reserves are high.

Dale Cullum, Morro Bay resident and member of the Police Officer Association (POA), stated that one of the City's top goals was to maintain core public safety services and incentives to retain safety employees. He stated that nearly half of the police staff are topped out and haven't received a raise or COLA in over 3 years. Officers are required to work mandatory over-time that vacancies have created. When an officer leaves, it definitely affects employees' morale and the agency becomes reactive vs proactive as it takes years for a new officer to be able to feel comfortable enough to handle the problems that come with a City.

Jody Cox, representative of the POA is one of the department's newest members. Based on information provided at the last Closed Session regarding the history, high turnover, costs of training, etc. the feedback they received at their next negotiation meeting they felt was insulting. He urged the Council take a good faith look at the numbers provided, look at the high turnover rate and reconsider these in the negotiation process. Part of the problem is the CalPERS situation but that isn't happening for 3 years, it's going to be difficult for employees to pick up some of these costs without any type of cost of living increase.

Robbyn Smith, Public Safety Dispatcher and representative of the POA, has worked for the City for 10 years. Their department spends 80% of the time with only 2 officers on duty. They have lost 5 officers and dispatchers over the last 2 years, some of which were training officers. Due to their staffing levels, they have had to change plans, miss special family occasions and cancel vacations more times than she can remember. Money isn't everything, being appreciated is also important. She would love to help work with Council to help find creative solutions.

The public comment period was closed.

CONTINUED DISCUSSION OF THE 2013/14 FISCAL YEAR BUDGET

City Manager, Andrea Lueker presented a staff report based on questions Council had during the last budget workshop.

Administrative Services Director Susan Slayton also presented additional information that Council requested from the prior workshop.

There was Council discussion and then consensus on the following:

- ~maintain the \$90,000 built in the budget for ongoing employee negotiations
- ~funding as requested in the body of the proposed/presented operating budgets

Council then went onto discuss the various Outside Agency Funding requests.

Councilmember Christine Johnson felt that giving the Friends of the Library the use of the City facility during their remodel would suffice as a "gift in kind"; she felt that since the Housing Authority monies didn't come out of the general fund and instead from an Affordable Housing Fund, she's comfortable funding that; downtown restroom can almost be funded via a "pay it

forward” from a future sales tax revenue philosophy and can be funded through the \$30,000 Council contingency fund for now; the 4th of July is a feel good, all ages, free, all volunteer, entirely funded by the community, national holiday event that brings together our tourists with our residents and she would like to see it funded; she felt it important to wait on MB’s 50th Anniversary Celebration as there isn’t a specific monetary request yet.

Councilmember Nancy Johnson felt that these requests should be funded out of the \$30,000 Council contingency funds; she also feels that we should fund all the events or none of the events as they are all valuable – she doesn’t want to vote on them one by one; she agreed with coming back at the mid-year budget for the MB 50th Anniversary Celebration.

Councilmember Smukler agrees that the \$30,000 contingency should be used to fund these requests. He felt the request of the Housing Trust Fund was benign and from a separate fund so he supports it; he’s on the fence re: the Friends of the Library request but at same time we are doing a lot to help them thru the transition; he agrees with postponing any discussion on MB’s 50th Anniversary Celebration until mid-year; as far as 4th of July, because of how it is structured as a stand-alone, all-volunteer effort he feels it deserves special consideration and would be willing to move forward with finding a way to fund it tonight; and, Council needs to identify the funding for the downtown restroom.

Mayor Irons agreed with the Library’s gift in kind as a good compromise; as far as the Housing Trust Fund, he agrees with funding it through the Housing Fund; since Council agreed to move forward with the restroom, we need to fund it tonight; he agrees, the 4th of July event is worthwhile to fund; and, waiting until mid-year for MB’s 50th Anniversary Celebration is smart. There is the \$30,000 contingency and he feels it’s a given that will be put on the table. He doesn’t feel comfortable in making any adjustment to the General Fund Reserve and in fact wants to find a way to restore it back to the 27.5% level that policy dictates. He suggests starting with the \$200,000 in excess Risk Management Reserves with these funding requests.

Councilmember Leage stated that the 4th of July is here and a decision needs to be made on what to do with it quickly; the TBID is bringing in the money and while their request is a lot of money, it’s the most important thing on the list to fund; he feels confident we will be able to sublease the restroom property which will help with the required lease costs; and as far as the Friends of the Library, he feels we have done our part.

Mayor Irons asked Council if there was consensus to keep the reserves at 27.5% to which there was unanimous support.

Councilmember Smukler stated he is willing to work with the excess monies in the Risk Management Fund as these are one time funding requests and still respects the City’s policies. He stated another source of funding is the City Council budget of \$2,000 for Leadership & Team Building. He also feels we can pull the \$5,000 allocated to Goal Setting. Along with the \$30,000 in contingency funds, those monies along with cautiously working using the excess Risk Management Funds should allow for the funding opportunities that Council decides on.

Councilmember Nancy Johnson feels it's essential that we fund both TBID and EVC to help with our economic development base.

Mayor Irons stated that there is approximately \$190,000 in excess in our Risk Management Reserve that is accessible to use in addition to the \$30,000 of Council contingency and \$2,000 from Leadership/Team Building for a total of \$222,000. At that time he began deducting the funding requests from the excess monies. The total expenditures that Council is looking to potentially fund is \$121,195 (\$38,195 to re-fund the general fund reserves, \$5,000 to the EVC, \$16,000 to restroom, \$4,000 to 4th of July, \$58,000 to TBID/Tourism Bureau).

There was unanimous Council consensus to bring back the MB 50th Anniversary Celebration to mid-year.

Regarding the Council's potential support of funding the TBID/Tourism Bureau request: Councilmember Nancy Johnson feels that TBID is an engine that drives our economy, they have a concise budget and they intend to raise their TOT levels; she feels the same about EVC who spends a lot of time and energy helping our Economic Development Program as well also our Tourist Bureau getting things done – she supports funding both of them; Councilmember Smukler likes the fact the TBID budget has an element of working with the Chamber of Commerce and the Merchant's Association to develop a "Shop Local" campaign. He is in support of funding this in full this year and also hopes to receive a clear tracking, reporting and performance standard so that these general fund dollars are accounted for. He also hopes they recognize this could be one-time only support as we need to begin weaning them off the general fund as much as possible. He is cautious of funding the EVC but also knows there is a lot of value there as they have a great working relationship with the Chamber of Commerce. Councilmember Christine Johnson agrees with this direction and wanted to comment on our three revenue streams, property tax, sales tax and TOT; there is such large an increase in our TOT in just 2 years working towards this. Having one dedicated professional to market Morro Bay in order to increase our TOT will pay dividends both to the City and the residents. Councilmembers Leage and Mayor Irons are also both in agreement to support the TBID as there is a direct benefit of our tax dollars transitioning into other City services; they also all agree to the need to wean them off this these monies over time.

There was unanimous support to utilize the excess Risk Management Funds to help fund these requests, as long as the excess funds are available. Councilmember Smukler added that no monies should be spent until the General Fund Reserves was back filled to its 27.5% level.

Since all requests were being funded, Councilmember Christine Johnson requested further discussion about funding the Friends of the Library request using the philosophy that if Council chooses to fund all of these requests, then the Library should be considered as well. There was unanimous consensus to move forward with funding the Library's request at an additional \$5,000.

Council moved onto Measure Q funding. Administrative Services Director Susan Slayton presented the Measure Q funding requests from the "A List". Council unanimously supported the "A List" requests in full.

Councilmember Christine Johnson encouraged staff to prepare and present a “fact sheet” that would be easy to understand explaining the budget in bullet form and easier reading format. Hopefully that fact sheet could be ready and posted on the internet when we go to adopt the budget.

Councilmember Smukler requested that staff bring back, hopefully in August, the 2011/12 audit to allow a Council review as well as continue to investigate a budget advisory/financial planning committee concept.

ADJOURNMENT

The meeting adjourned at 8:10pm.

Recorded by:

Jamie Boucher
City Clerk