

MINUTES - MORRO BAY CITY COUNCIL
BUDGET HEARING MEETING – MAY 15, 2008
VETERANS MEMORIAL HALL - 6:00 P.M.

Mayor Peters called the meeting to order at 6:05 p.m.

PRESENT:	Janice Peters	Mayor
	Melody DeMeritt	Councilmember
	Rick Grantham	Councilmember
	William Peirce	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	Interim City Manager
	Susan Slayton	Finance Director
	Robert Schultz	City Attorney

ESTABLISH QUORUM AND CALL TO ORDER
PLEDGE OF ALLEGIANCE
EXPLANATION OF AGENDA

PRESENTATION BY MANAGEMENT PARTNERS

Andy Belknap presented Council with a power point presentation reflecting the outcome of their study entitled “Assessment of City Organization and Financial Options”. Mr. Belknap wanted to stress the fact that the City was not in crisis but that we are definitely in a situation that calls for our immediate attention. The ultimate goal of Management Partners is that after tonight’s meeting, the City would put together study sessions to take this plan “and make it our plan” for possible implementation of some items as soon as the 08/09 fiscal year. It is a given that there will be some recommendations that will not be a City priority but the bottom line is that Morro Bay will need to invest in economic development and planning in the very near future.

Questions by council were taken and addressed by Mr. Belknap

PUBLIC COMMENT

Peter Candela, Chamber of Commerce Executive Director appreciated the presentation given by Mr. Belknap but stated he had some problems with the selection of the benchmark cities. He thinks we need to use the report as a discussion tool. As a point of clarification, the city’s funding goes directly to the visitor center, not the chamber, and if there is a deficit, the chamber then picks up the difference. He also felt that there was an abundance of documentation reflecting the positive impact that promotion has on the general fund of the city. He feels that their efforts are making a difference and that currently they have a lot of momentum going in their favor.

Jim Phillips, Morro Bay resident and member of the Morro Bay Harbor Advisory Board thinks that the report commits some errors of omission. It doesn't focus on the Harbor Department's staff accomplishments over decades of time and instead focuses on the shortcomings. It also under represents the multifacetedness of the Harbor Department by saying the duties can be done by another entity. Simply, it doesn't reflect the positive side of what the Harbor Department actually represents.

Jack Barrett, Morro Bay resident read the report thoroughly and thinks it represents a lot of good ideas but also a lot of bad ones. He thinks that increasing the TOT tax over what the county charges is a bad idea – he has been told on good authority that people won't stay in Morro Bay if the tax goes up. He thinks that raising taxes in any form (with few exceptions) is a hard thing in these economic times. He also feels that any chamber funding cuts would be a suicide move.

Jeremiah O'Brien, Morro Bay resident thanked Management Partners for their presentation as it was much easier to listen to than to read. He also can't say enough positive things about our Harbor Department. He has traveled to every harbor on the west coast and by far, our harbor department is the best. Also didn't feel it was fair to compare us to a marina – a marina is completely different than a harbor department (ie: like comparing General Motors to "Sam's Used Car Lot").

Roger Ewing, Morro Bay resident applauded the report. He would like to suggest having a town meeting/workshop inviting the public to help in the decision making process. He also feels that we are "off the beaten track" which he sees as a positive – it's what makes us unique. He feels we shouldn't strive to be like other communities – we have our own charm.

Ken Vesterfelt, Morro Bay resident feels that non-profit organizations have great difficulty in paying fees charged for events. He feels that these events bring in much needed money to the community and yet are still being charged – for example the car show brought as much as \$500,000 into the community. He would like to see those city charged fees taken out of the money (ie: increased TOT or sales tax) brought into the city. It would be in the spirit of cooperation of those groups working hard to bring people into the town.

Stuart McElhinney, local attorney and on the Board of Directors of the Chamber of Commerce agreed with Management Partners in that this report is "food for thought" and that the city needs to take the report and make it their own. He was also concerned with the fact that the only people interviewed were city staff; no other stake holders and feels it was important to have included them.

Barbara Osborn, Morro Bay resident feels the city should establish a budget advisory committee of those with a vested interest. She feels the more people at the table, the better.

Dorothy Cutter, Morro Bay resident questioned what the information at the end of the report was.

Lynda Merrill, Morro Bay resident is very sympathetic to the Recreation & Parks Department and gets extremely nervous when programs are attacked and told they need to recoup 100% of their costs. Many/most of these programs are geared towards children and seniors. The Recreation & Parks Department is part of who we are and what we are proud of. She questioned the budget status regarding employee increases – worried that even though the budget is balanced, it is balanced with no salary increases. Finally, she would like to see an accounting of the \$150,000 that the Chamber is allocated and spends.

Noah Smuckler, Morro Bay resident felt that one of the most exciting components of the reports is how we are going into the future. He feels that we are unique to the whole coast of California. He feels it's important to take our time, be careful with our decisions, that maybe its time to tighten our belts as much as possible and to utilize our community brain trust (citizens, non-profits, business owners, etc...) as well as conduct a town hall meeting with participation from residents.

Pearl Munach, an active member of the all volunteer county-wide Transitional Food and Shelter organization. They provide temporary emergency shelter for residents of Morro Bay who qualify. They are the only organization that provides this particular service. They are hoping for inclusion in the Aid to Agencies funding priority list.

Mayor Peters closed the hearing for public comment at 725pm.

Andy Belknap followed up with the following answers/statements based on the information requested in Public Comment:

- >Heard good discussion of community priorities
- >Felt that the comments made regarding the Harbor Department were legitimate criticism but wanted to stress that this report was about organizational improvement
- >TOT – maybe it is better for the county to move as a group but also stresses that the services provided here in Morro By are far better than the county provides
- >Agrees that this is a difficult time to think about raising taxes but revenues have to be part of this discussion
- >Encourages any/all input regarding additional benchmark cities they can investigate
- >Regarding the lack of community input – didn't feel the community input was a part of the scope of the work – a compromise was made not to include them when the cost of the project was scaled back
- >The information gleaned from the Focus Groups were not recommendations – just thoughts; they shouldn't be given too much input
- >Budget Advisory Committees can be very good and successful tools to use

Council followed this up with comments of their own:

>Councilmember DeMeritt thought it was odd to suggest both cutting the promotions budgets while at the same time attempting to increase the TOT

CONTINUED DISCUSSION – 2008/09 BUDGET

The following thoughts came up regarding the 08/09 budget:

>Councilmember DeMeritt wanted to look at taking monies out of the accumulation funds

>Mayor Peters says council has received a petition regarding the Dial a Ride lunch rider program – they are concerned that the seniors will have a difficult time getting to the senior center for lunch with only 1 driver during those hours

>Councilmember Grantham would like to see us revisit the budget in September after the summer months to see how our TOT and sales tax did with the intent of funding worthwhile Aid to Agency programs

MOTION: Councilmember Peirce moved the City Council take \$10,000 from the VCB line item and put it towards Community Promotions and adopt the budget as presented. The motion was seconded by Councilmember Grantham and failed with Mayor Peters and Councilmembers DeMeritt and Winholtz voting no (2-3).

Council then discussed the disbursement of Measure Q funds. \$125,000 of those monies have already been allocated leaving approximately \$500,600 remaining.

Councilmember Grantham: \$100,600 to Storm Drains
\$100,000 to Street Maintenance
\$25,000 to Police equipment replacement fund
\$25,000 to Police for state shortcomings
\$250,000 to Fire (no staff)

Councilmember DeMeritt: \$148,600 to Storm Drains
\$100,000 to Streets
\$252,000 to Fire to augment staffing

and is willing to compromise to:

\$123,600 to Storm Drains
\$100,000 to Streets
\$25,000 to Police
\$252,000 to Fire to augment staffing

Councilmember Winholtz: \$83,000 to Storm Drains
\$150,000 to Streets

\$17,000 to Dial-a-Ride lunch program
\$200,000 to Fire (no staff)
\$50,000 to Police

Councilmember Peirce: \$50,000 to Police
\$250,000 to Fire
\$100,300 to Streets
\$100,300 to Storms Drains

Mayor Peters: \$150,000 to Fire (no staff)
\$150,000 to Police
\$100,000 to Streets
\$100,000 to Storm Drains

MOTION: Mayor Peters moved the City Council allocate the Measure Q monies as follows: \$100,000 to Streets; \$250,000 to Fire (station – no staffing); \$50,000 to Police; \$100,600 to Storm Drains. The motion was seconded by Councilmember Grantham and passed with Councilmember DeMeritt voting no (4-1).

The next discussion centered on the Promotions budget.

Councilmember Peirce would like to see the \$10,000 allocated for the VCB and transfer it to our own Community Promotions Committee so that they take less of a hit.

Councilmember Grantham totally agrees as he feels we will get more bang for our buck.

Councilmember DeMeritt concurred.

Councilmember Winholtz suggested taking \$20,000 out of Police's current fiscal year general fund budget and fully funding the VCB.

Mayor Peters agreed that we should move the \$10,000 out of the VCB and fund our own promotion group.

MOTION: Councilmember Peirce moved the City Council take \$10,000 from the VCB line item and allocate it to the Community Promotions Committee. The motion was seconded by Councilmember Grantham and passed unanimously (5-0).

Discussion was held on various other line items with no motions made but with discussions on the following:

>Councilmember Winholtz requested information on the additional monies requested for the desalination tanks which was provided by Senior Civil Engineer Dylan Wade

>Councilmember Winholtz also expressed some concern regarding the Nutmeg Tanks. Council commissioned a study and she would prefer not to approve the money for this study until we get the results back and have a project. Senior Civil Engineer Dylan Wade was fine with leaving the money in the enterprise fund reserves until needed and then requesting the monies be transferred into the capital projects fund at that time. Council had the necessary consensus to leave the money in the enterprise fund.

>Mayor Peters asked for approval of the allocation of the Fundraiser Folly monies; council agreed with the allocations.

>Councilmember DeMeritt would like to see additional language added to the Resolution adopting this year's budget from the last bullet of the Finance Director, Susan Slayton's power point presentation reaffirming the City's need to take action in the future to improve the City's financial outlook. Also included in the resolution is to be that Council will be taking action in the restructuring, locating and reviewing of our current service levels

MOTION: Councilmember Grantham moved the City Council approve the annual budget for the fiscal year 2008/09 with discussed changes and approved allocations. The motion was seconded by Councilmember DeMeritt and passed with Councilmember Winholtz voting no (4-1).

ADJOURNMENT

The meeting adjourned at 9:00 p.m.

Recorded by:

Jamie Boucher
Deputy City Clerk