

The City Council met in adjourned session at the hour of 8:30 a.m. in the Council Chamber, City Hall, on the day above written for continued consideration of the Fiscal Year 2009-2010 Annual Budget.

Present were Councilmembers Borgeas, Brand, Dages, Perea, Westerlund, Xiong, President Sterling, City Manager Souza, ACM Rudd, City Attorney Sanchez, City Clerk Klisch, Assistant City Clerk Salazar, Budget Manager Smith, and necessary staff.

(8:30 A.M.) CONTINUED CONSIDERATION OF THE FY 2010 BUDGET

DEPARTMENT OF TRANSPORTATION - FRESNO AREA EXPRESS (FAX):

Transportation Director Hamm gave a PowerPoint presentation on the Department of Transportation FY 2010 Budget which included a Department Overview, Major Operating Revenue Impacts, Operating Revenue - \$49 Million, Service Impacts, Operating Expenses - \$45.2 Million, Transportation Operating Appropriations, FY 2009 Highlights, FY 2010 Significant Programs and Initiatives, and Future Challenges.

Council discussion ensued with Mr. Hamm and Budget Manager Smith responding to questions and/or comments of Councilmembers Borgeas, Perea and Brand relative to FY 09 ridership numbers when fuel prices spiked, fare projections, if a reserve was in place, FY 09 federal funding, projected revenues, if there was any plan to raise bus fares, bus fares of comparable cities, bus routes being cancelled/changed, other routes affected by Route 12, if Route 12 busses were replaced by vans, the proposed Taxi Script Program including income requirement and request to staff to provide details on the proposal before a vote on the budget, why revenue decreased in FY 09 when ridership increased, request for details/breakdown on revenues, charges for services, Measure 'C' being flat and if \$6.7 million was a conservative projection, reason for the disparity in overtime charges in FYs 08, 09 and 10, the decrease in workers compensation, BRT (bus rapid transit) implementation time line, and Transit City Management software.

Councilmember Dages clarified issues relative to Route 12 and how it was originally set up strictly for the Senior Citizens Village, and along with Councilmembers Westerlund, Xiong and President Sterling presented questions and/or comments relative to the Transit Village project/time line/amount budgeted for the project this year, the downtown trolley, funding for the downtown streetcar, the Public Transportation Study, bus driver protection legislation and time line for implementation, advertising revenues, **(2 - 0)** support for Councilmember Brand's request to receive revenue detail, revenue "hits"/maintaining routes/staffing, which labor contracts were open, if the budget was built upon no raises, the \$4.7 million hit from the state, methodology used for Measure 'C' revenue, collection of sales tax data, if workers compensation projections were overly optimistic, how workers compensation is charged, the 28 de-funded positions and if they are currently vacant, difference between de-funding and eliminating positions, amount needed to see the new services implemented, possible need to look at deleting the de-funded positions/process to delete/consequences, the bonus stimulus package and if funds can only be used for capital projects, impact of new federal charges regulations, if Measure 'C' will be violated by not going into new services due to the economy, STA and LTF funds and where impacts will be seen as a result of Sacramento's money grab, if Proposition 42 will impact the general fund, what is being done and communicated to our lobbyists on state hits, impacts and if any local advocacy efforts are being done that the city can participate in, citation costs, request for explanation of local Measure 'C' projections/expectations, CMAQ grants and application process, if there was any expectation that additional funds will be received from the state in the future, if the de-funded positions are going to be carried on the books this year, difference between the 420.8 FTEs and 426 transportation employees, the summer youth program and funding, and the process/schedule for bus cleanliness/maintenance, with Mr. Hamm, ACM Rudd and Ms. Smith responding throughout. Mr. Hamm was thanked for his presentation and there was no further discussion.

RECESS - 9:59 A.M. - 10:12 A.M.

INFORMATION SERVICES DEPARTMENT (ISD):

2009 Accomplishments and Fiscal Year 2010 Appropriations and Opportunities (**3 - 0**), and acknowledged and thanked her leadership team and department staff.

Russell Appling questioned if WiFi could be made available everywhere.

Council discussion ensued with Ms. Hogg, Systems & Applications Manager Hughes, Budget Manager Smith and ACM Rudd responding to questions and/or comments of Councilmembers Brand, Xiong, Westerlund, Borgeas, Perea and President Sterling relative to staffing, if there would be a proportionate decrease in support services when departments decrease staff, if the PeopleSoft upgrade was necessary, \$1.5 million for equipment purchase and if staff has evaluated leasing versus purchasing, who the hardware is being purchased from, the pet/business license data transition including progress/production date/cost savings due to efficiencies/if it will be connected to the GIS, if the five vacancies were de-funded or filled, if employees have been assigned to ISD from other departments, if a written security policy was in place for the city's computer system, if the policy has been distributed city-wide, if the policy was being implemented by all, request staff conduct a follow-up audit on security implementation due to sensitive information, the move of city manager staff and Cronos/Kognos data to ISD/importance of data analysis for efficiency and effectiveness/concern with the unit sitting as a regular division of ISD rather than an adjunct to the city manager's office, the Cronos/Kognos program/when it was introduced/cost/when the city will own the program/if the city will have complete control over the product/if staff is pleased with the investment and result, number of funded positions in the entire budget that will go unfilled, staffing and if the department is currently advertising for one position, if ISD was partnering with FAX on FAX's video security system, if other department's systems have to be compatible with ISD's system, over-heating and what was being done to stay above the curve, disaster preparedness, adjustments to be made and if staff was comfortable with budgeted resources, savings/e-mail services/how soon all employees will be working off one link, intergovernmental program and funding, if other grants were expected, and if the department partners with the city's lobbyists. Ms. Hogg was thanked for her presentation and there was no further discussion.

GENERAL CITY PURPOSES (GCP):

Budget Manager Smith gave a PowerPoint presentation on General City Purposes (GCP) which consisted of an overview of Retirement Administration, Redevelopment Agency Support Services (**4 - 0**), and Inter-Governmental Relations.

Ms. Smith responded to questions and comments of Councilmember Dages relative to the yearly employee survey, if the survey was really necessary, concurrence on the value of employee opinions but him debating whether it was an expense the city needed to incur in these tough economic times, the \$169K for membership & dues, and if any borrowing/bonding was planned.

MOTION - Dages/Brand - Place funding for the Employee Survey into contingency with Council to determine the use of the funds prior to adoption of the budget.

Ms. Smith, City Manager Souza, ACM Rudd and Retirement Administrator McDivitt responded to numerous questions, comments and requests of Acting President Westerlund relative to funding for the California Partnership for the San Joaquin Valley/if funding at the state level was completely gone/request staff provide details on funding commitments, election costs and request staff obtain a cost estimate from the County Clerk for last November's general election, funding for the Poverello/Monterey Street Bridge, funding for the Earned Income Tax Credit (EITC), funding for Central California Rural Legal and United Way, the IRS's matching grants for EITC, \$125K for Muni Services/what services are provided/if this was a year-to-year contract/if a multi-year contract made more sense/when the services and contract would be evaluated, the Health & Welfare Trust and board contributions, the city of Clovis's give-back on savings realized and request staff look at Clovis' model to determine if it makes sense for the city, and the retirement systems/market condition/how the systems stand currently/affects on employees.

Discussion continued with Ms. Smith and Mr. Souza responding to questions and/or comments of Councilmembers Brand, Perea, Xiong and Westerlund relative to whether the budget was down nine positions overall, carrying of vacancies, if the general fund supports GCP, GCP funding sources, if the \$25K for the California Partnership was the commitment the city made at the COG, what the city's share was of the COG vote/funding source for the \$17K/if the funds were budgeted, if the classification and compensation study has been completed, membership dues amounts for the California League of Cities (CLC), the National League of Cities (NLC),

the Conference of Mayors, the Council of Governments, and Sister Cities, if staff has looked at whether the CLC and NLC were uniquely different in terms of services and if the city needed to participate in both, if the NLC's prescription program was worthy of the \$19,000 membership dues, EITC and Storyland/Playland match and CDBG funding, what the \$30,000 for travel covers, amount

appropriated for travel last year, CDBG summary of other operating funds/difference between the \$986K for amended FY 09 and \$160K for FY 2010, and if the potential \$2 million loan to Robotics was reflected anywhere in this budget. Ms. Smith was thanked for her presentation and there was no further discussion.

CONVENTION CENTER

Bill Overfelt, General Manager of SMG, gave a PowerPoint presentation on the Convention Center budget which included the Background (**5 - 0**), Graphs Showing the Number of Events, Number of Attendees, Direct Event Income, Ancillary Income, Total Event Income, Other Operating Income, Indirect Expenses, Number of Full-Time Employees, and Unadjusted Operating Deficit, and the Fresno Sports Council/SMG Room Night Generation Summary and 2010 Projections.

LUNCH RECESS - 12:00 NOON - 2:02 P.M.

Proceedings continued and lengthy discussion ensued with Mr. Overfelt, Budget Manager Smith and City Manager Souza responding to questions, comments and/or requests of Councilmembers Dages, Borgeas, Brand, Perea, Xiong, Westerlund and President Sterling relative to commendation to Mr. Overfelt for his work, success and professionalism, if concessions were contracted out, concern with high beverage/food prices and long lines, the tremendous job and effectiveness of the Sports Council with Mr. Carr's leadership, if \$100,000 was sufficient for the Sports Council, the economy and why there was no decrease in room taxes, miscellaneous revenue at \$4.1 million, the Falcons/the \$1.3 million projected loss/event advertising and parking income/how the losses were projected, Transient Occupancy Tax (TOT) transfers, if the tax was designed solely for the Convention Center, if there was a policy on appropriations, the Convention & Visitors Bureau (CVB) contract and operation, relationship between projected revenues/transfers/TOT revenue, if there was a way to track events and TOT generated, request to see tracking of money being lost/events/room nights and TOT generated, CVB contract amount in FY 09, request for information on the CVBs measures of success, the \$30K for special events, if the Miss California pageant was being subsidized, council member sponsorship of events at Chukchansi Park stadium and process, where the various events were listed in the budget, if room tax numbers from events outside the Convention Center facilities are not included here, how an accounting is made for CVB/Sport Council outside events that generate room tax, request for information showing all events/numbers at Convention Center facilities and elsewhere, if the \$100K for the Sports Council was for incentives and if those funds could be used for other entities' events, if it was safe to say the CVB was involved in all 332 events reflected in this budget, request for detail on SMG and CVB activities, if the Sports Council strictly works for sporting events (**6 - 0**), the lease with Chukchansi Park and event bookings, if the stadium was the city's outside of baseball and soccer games, the Falcons leaving Selland Arena/what major improvements were made for them/debt service on the improvements/debt service revenue stream, if junior hockey will contribute to the debt service, if there were any plans to implement recycling at convention center facilities, and if the Selland Arena hockey improvements were completed and moving forward. Mr. Overfelt was thanked for his presentation and there was no further discussion.

DEPARTMENT OF PUBLIC UTILITIES

Public Utilities Director Ramirez introduced key staff in attendance and gave a PowerPoint presentation on his department's budget which included Service Activities, Department Mission and Vision, Operating Principles, FY 2010 Budget Highlights, FY 2009 Accomplishments, FY 2010 Goals, FY 2010 Challenges, Operating Budget Expenses, Overall Operating Expense Budget, Uses of Budgeted Funds, Department Pro Forma, Organizational Chart, Utility Rate Comparison, and Major Capital Projects.

Mr. Ramirez responded to questions and comments of Acting President Westerlund relative to number of authorized positions, growth of the department and positions being added, reduction in wastewater going through the system (**7 - 0**), reduction in solid waste, planning & development employees brought on board last year, if those positions were reflected in the department's authorized positions, new employee costs and justification study, and the 5-year rate plan including it being in its fourth year, the current economic circumstances, utility rate increase coming up September 1st, inability to make a 6-year plan out of a 5-year plan, and desire to equalize or defer a portion of the rate increase to lessen hardships on city residents.

MOTION - Westerlund/Borgeas - Request staff ask the Utility Advisory Committee to look into equalizing or deferring a portion of the upcoming utility rate increase and provide a recommendation.

Acting President Westerlund elaborated further on the issue.

Council discussion ensued with Mr. Ramirez, City Attorney Sanchez and City Manager Souza responding to questions and comments of Councilmembers Borgeas and Brand relative to whether the planning & development transfers had the desired skills, if areas were being looked at to incorporate in the department at some point, the lack of increase in customer user fees in FY 2010, request for explanation of Proposition 218, how the proposition would bear on the upcoming utility 18%-19% increase, installation of water meters and time line to have a meter rate structure in place, reason for no funding in miscellaneous recycling grants for FY 2010, sewer service charges, wastewater master plan, the debt service doubling from FY 07 to FY 09 and if operations/maintenance will be affected if that trend continues, water meter impact on revenues/monthly billing/the reduction to be seen/how that will impact the rate structure, construction prices going down/market uncertainties/if increases or higher rates on bonding has been seen, and Refunds and Claims at \$3 million. Relative to the rate increase Mr. Souza added there may be an opportunity to piece together the issues of transitioning from billing in advance to billing in arrears and making the conversion when the utility bill is \$68.00 a month rather than \$80.00 a month to soften the impact on customers and explained.

Mr. Ramirez responded to questions and comments of Acting President Westerlund relative to Sacramento going to water meters, the \$10 million state grant Sacramento received, hope that staff will "beat every bush" in Sacramento or Washington to see if \$10 million can be found, and his offer to assist in any way to help lobby or push the decision-makers. Budget Manager Smith responded to questions of President Sterling relative to numerous line items and special projects funding. Mr. Ramirez was thanked for his presentation and there was no further discussion.

President Sterling stated only two budgets would be heard on Thursday, June 4th -- the City Clerk's Office and the Personnel Department -- and requested proceedings be completed by 4:00 p.m. as Councilmember Borgeas had an event scheduled in the Council Chamber thereafter, and congratulated Budget Manager Smith on her only child's graduation.

ADJOURNMENT

There being no further business to bring before the City Council, the hour of 4:06 p.m. having arrived and hearing no objection, President Sterling adjourned budget proceedings to Thursday, June 4, 2009, at 2:00 p.m. for continued consideration of the FY 2010 Budget.

Approved on the ___ 11th ___ day of _____ June _____, 2009.

_____/s/_____
Cynthia Sterling, Council President

ATTEST _____/s/_____
Yolanda Salazar, Assistant City Clerk