

The City Council met in continued 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 Director Smith, and necessary staff.

(8:30 A.M.) CONTINUED CONSIDERATION OF THE FY 2010 CITY AND AGENCY BUDGETS:

REDEVELOPMENT AGENCY (Continued from June 18, 2009):

AGENCY RESOLUTION NO. 1742 - A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO APPROPRIATING ITS FY 09/10 BUDGET IN THE AMOUNTS SET FORTH HEREIN FOR APPROVED PROJECTS, ACTIVITIES, AND OTHER SUCH PURPOSES AND EXPENDITURES AS MAY BE BUDGETED BY THE REDEVELOPMENT AGENCY

President Sterling noted public testimony was taken and closed on June 18, 2009, and it was time for Agency deliberation.

City Clerk Klisch noted this was a continuation of the hearing posted/noticed for last Thursday and advised, even though it was not listed on the agenda, that consideration and action this date included the above entitled Agency Resolution.

On motion of Member Sterling, seconded by Member Dages, duly carried, RESOLVED, the above entitled Agency Resolution No. 1742 hereby adopted, by the following vote:

Ayes : Borgeas, Brand, Dages, Perea, Sterling, Westerlund, Xiong
Noes : None
Absent : None

THE METROPOLITAN MUSEUM

City Manager Souza advised when the Mayor was preparing the budget for Council presentation staff did not have a firm position on the actual funding for the Met loan and requested Council make a motion authorizing the \$15.5 million transfer of cash adding the off-setting revenue line item would be loan proceeds from either internal borrowing or proceeds that would be negotiated through the course of the next fiscal year. Mr. Souza and President Sterling responded to questions of Acting President Westerlund and Councilmember Brand relative to what Council was being asked to do this date, if the normal process would be an appropriation resolution, preference to have seen the actual number to make an accurate motion, process for motion consideration and adoption, if the motion and action would not create policy on loan financing, interest rate, and if this motion did not contemplate mechanics liens.

MOTION - Brand/Sterling - Appropriate funds not to exceed \$15.5 million to pay United Security Bank.

Mr. Souza responded to questions of Councilmembers Borgeas and Dages and/or clarified issues relative to whether there was a way to fund the obligation without moving that amount of money, if this was a simple procedure to accommodate an existing obligation, annual interest cost being dependent upon the final pay-out amount, and reason for the lower interest rate.

On motion of Councilmember Brand, seconded by President Sterling, duly carried, RESOLVED, staff authorized to appropriate funds not to exceed \$15.5 million to pay off the United Security Bank loan, by the following vote:

Ayes : Borgeas, Brand, Dages, Perea, Westerlund, Xiong, Sterling
Noes : None
Absent : None

Mr. Souza stated if the final number is significantly less than the \$15.5 million Council will be asked to amend the motion to

bring the number down prior to final budget adoption on Thursday.

SPCA BUDGET:

ACM Rudd spoke to the annual contract, the SPCA's allocation being reduced by about 10% (\$230K), meetings that occurred with representatives of the SPCA, the information staff requested from them to help quantify what the impacts would be with the reduction, and how it was difficult to quantify the impacts due to the way the SPCA compiles their data and explained, and stated after a number of long meetings and discussions the SPCA's budget would now be reduced by \$100K instead of \$230K as \$100K was found that was inadvertently in the PARCS budget for United Way (which was a duplicate as they are already funded), advised staff would continue to work with the SPCA over the year to try to find efficiencies/additional ways to reduce their costs, and stated staff also committed to looking at a spay/neuter ordinance due to the large amount of strays which the SPCA stated would help manage the number of strays out in the streets. Mr. Rudd continued and recommended the budget be amended to reflect that the \$100K found in PARCS be directed to the SPCA and staff would find the other \$30K over the course of the year either through a combination of on-going savings within the SPCA's operation or other resources within the City's general fund.

SPCA past president Leroy Combs, Beth Caffrey, and Executive Director Norm Minson read a statement into the record and/or spoke at length to the history of the SPCA, animal control services provided, ramifications of reductions, how the need for service has grown/increased, categories added at a cost, exceptional staff, appreciation for the relationship with the city, programs offered, contributions of staff, the economic crisis and impacts, the SPCA's plan to make adjustments internally, and there being no planned reduction in service or impact on emergency response calls with the reduction. Mr. Combs added if the SPCA has to make reductions they would like to review that issue with Council in six months.

President Sterling presented questions relative to the original reduction, the \$100K that was found in PARCS, the \$30K that will be left to address, the SPCA's contribution, and the positions that will be cut, with Mr. Rudd and Mr. Minson responding.

Mr. Combs commended Council Analyst Jones for his assistance, and President Sterling commended Mr. Rudd, Mr. Jones and PARCS staff for all their work.

Councilmember Perea stated whether there was a \$230K or \$100 reduction he still could not support it and presented questions and comments relative to calls that will not be handled, how the \$100K reduction will impact response time, the huge problem of animal control in low-income neighborhoods, experience showing the SPCA already does too much with too little, how staff can assure that \$30K will be found (**2 - 0**), time being bought by saying money will be found down the road, indications that the state will not pull Proposition 1A funds and there being \$600K that can be looked at soon, need for the city to direct all dog license revenues (\$75K) to the SPCA to get the SPCA closer to where they need to be, and strong opposition to any reduction as low income areas will be the ones that would be hurt. Mr. Minson and Mr. Rudd responded throughout.

MOTION - Perea/Dages - Increase the SCPA budget by \$75K. (*Note - Original motion to transfer all dog licence revenues to the SPCA was amended after a clarification was made by City Manager Souza).

Councilmember Dages questioned if the SPCA was satisfied with the funding recommendation made by the city manager's office (with Mr. Minson responding); spoke to his opposition to any reduction, to the SPCA falling under the category of public safety, and to the number of animals now going to the shelter due to the economy; presented questions relative to the large number of cats being euthanized monthly, to overflow conditions, and to how long animals have to be held before being euthanized; and further elaborated on the need for the city to do all it can for the SPCA due to conditions and need for this service.

MOTION - Dages/Perea - De-fund the Downtown Specific Plan at \$900K and appropriate \$229K to the SPCA, \$500K to Fire Truck 9, and \$171K to Senior programs.

Acting President Westerlund presented questions and comments relative to staff oversight of the SPCA contract, the important service being provided/the \$2.2 million contract amount/need for active oversight, if the internal auditor has ever reviewed the contract

be answered, need to look at this issue from a business perspective and not from a “puppies/kittens” perspective, the current unprecedented, difficult economic time/expected revenue shortfall/cuts made by city departments, no one wanting to make cuts, priorities and people needing to come before animals, and the 10% reduction being reasonable, need for the SPCA to look at reducing service, and the compromise being very generous. Assistant PARCS Director Haynes and Mr. Rudd responded throughout.

Councilmember Brand stated there was no argument that the service provided by the SPCA was vital, agreed that the service, at least partially, fell under the public safety realm because of dangerous dogs, questioned if board members were volunteers, spoke to past experiences with other volunteer non-profit boards that have caused the city great headaches and financial problems, to managerial skills, to his hope that the city’s offer to engage with the SPCA may find some better efficiencies, and to the big problem of expanding pet population and need for a spay/neuter ordinance to decrease the pet population and provide for less demand on services.

MOTION - Brand/Perea - Direct City Attorney to draft a spay/neuter ordinance in line with peer cities.

MOTION - Brand/Xiong - Move the \$100K found in the PARCS Department for the United Way to the SPCA budget.

Councilmember Brand stated a lot of emotions were involved with this issue, everyone was facing very difficult choices, and the state’s situation and the months ahead would be very critical to the city, and stated he hoped the city’s assistance would help remedy what is going on and added he appreciated the work of the SPCA.

Mr. Combs, Mr. Souza and Councilmember Perea responded to questions and/or comments of President Sterling relative to pet adoption revenue, if hours of operation could be modified for cost savings, federal/state/local mandates, how rabies control ties into the 24/7 operation, weekend calls/amounts/types, if fees were too low, if there was any plan to increase fees, motions on the floor and amount outstanding, strong supporter/proponent of the SPCA but there being a very serious budget shortfall, if Proposition 1A funds may remain, and the hard choices and faith to work things out for the betterment of all. President Sterling thanked staff and the SPCA and there was no further discussion.

City Attorney Sanchez clarified the process to be followed this date, Thursday’s documents and the budget adoption process, and the mayor veto process and time line.

Due to the new motions made this date President Sterling called for public input and upon call, no one wished to be heard.

A request was made to staff to provide the new motions in writing and a recess was later held to allow for that.

Councilmember Brand stated he spent a lot of time on the budget as everyone else did and commended Budget Director Smith and staff for answering a lot of questions, and stated he was concerned about the direction headed on the revenue side, i.e. property/sales taxes, and spoke to the forecast for the next three years and his concerns.

MOTION - Brand/Dages - Request the Budget Director provide a comprehensive report to the City Council on a quarterly basis with detailed information regarding revenue collections, expenditures and budget trends.

With the following motion Councilmember Brand clarified when he refers to quarters he is referring to calendar quarters and not fiscal year quarters.

MOTION - Brand/Borgeas - In the Budget Director’s report to the City Council on the third regularly scheduled Council meeting in October, 2009, sales tax revenues for the 3rd quarter of 2009 will be compared to the 3rd quarter of 2008 and the first two quarters of 2009. If trend line analysis and comparable sales tax revenue analysis reveal that we are seriously behind our budget plan (i.e. 5% or more below budget forecast) then the City Council shall form a Budget Analysis sub-committee to work directly with the Mayor and City Manager to preemptively identify problems and solutions to remedy potential budget shortfalls. The Budget Analysis sub-committee shall remain active until the actual revenue and expenditure data falls in line with the budget plan as presented in the Budget Director’s quarterly reports or until the end of the 3rd quarter of FY 09/10 (subsequently amended).

MOTION - Xiong/Borgeas - Street calming plan to be a priority as future funding becomes available.

MOTION - Xiong/Perea - Increase Central California Legal Services (CCLS) Earned Income Tax Credit (EITC) program funding to \$75K (an increase of \$25K).

Councilmember Xiong stated Councilmember Brand's motion needed to go further in terms of in-kind services/subsidies/cost recovery and further explained, and upon his question City Manager Souza stated there were two issues: (1) subsidies based in the fee structure and (2) what are the services currently being provided that fall under the broad category of general government that there is no specific fee for, and stated staff would meet with internal audit and possibly bring in someone externally to help quantify what those specific services are and what they are costing. Councilmember Xiong stated there was a large number there and commented additionally.

Upon question of Acting President Westerlund, Mr. Sanchez and Mr. Souza further clarified issues relative to the process for new motions on Thursday, an out-of-balance budget, time line to adopt the budget, and possibility of the process going into July with the veto process.

Acting President Westerlund continued and spoke to the 2010 census, the Complete Count committee, outreach funding that will be provided by the IRS, and the city being undercounted in past years.

MOTION - **Westerlund/Perea** - Appropriate \$50K to assist with a 2010 Census outreach campaign.

Acting President Westerlund spoke to the elimination of the contract compliance officer.

MOTION - **Westerlund/Xiong** - Appropriate \$50K to fund a Contract Compliance Officer in the City Attorney's office.

Acting President Westerlund spoke to, and Budget Director Smith clarified issues relative to, the \$100K for the EITC campaign.

MOTION - **Westerlund/Brand** - Defund general fund appropriations to the CCLS EITC program by \$25K.

Councilmember Perea requested council members make any motions this date and not on Thursday to be fair to all and so there will be no surprises.

Councilmember Borgeas offered an amendment to Councilmember Brand's earlier Budget Analysis sub-committee motion to create a parallel trigger in the event Sacramento goes forth in pulling gas tax funding, with Councilmember Brand agreeing to the amendment.

AMENDED MOTION - **Borgeas/Brand** - ADD TO MOTION: "... also be on a parallel track to trigger the Budget Analysis sub-committee pending final actions by the State on the state budget.

Acting President Westerlund and President Sterling presented questions relative to the 17% increase in P&D permit fees, the budget being built on the increases and if the actual increases will have come back to Council for approval, process for P&D's \$1 million general fund request, the uncertainty with the state and if Council will be adopting a contingency budget at the end of the process, and request for clarification on the SPCA motions and Councilmember Brand's motion.

RECESS - 10:36 A.M. - 11:20 A.M.

ADOPTION OF BUDGET MOTIONS:

City Attorney Sanchez stated a simple majority vote was required for motions to go forward.

MOTION #1 - MOTION RETRACTED (REALLOCATE \$40K FROM THE EMPLOYEE SURVEY AND PLACE INTO CONTINGENCY

MOTION #2 - ADD BACK \$825K TO KEEP FIRE TRUCK 9 IN SERVICE 100% OF THE TIME INSTEAD OF 25%

City Manager Souza responded briefly to questions of Acting President Westerlund relative to relief pool coverage and numbers.

Councilmember Perea requested Council's support and spoke to the need to have Truck 9 functioning 100% of the time. Acting President Westerlund stated he could not support this motion but would support Councilmember Brand's compromise motion. Mr. Souza responded to comments made, clarified issues, and confirmed there would not be a hole that the city could not cover as that was not part of the deployment strategy and added it was not fair to the fire department to state that. Upon question of President Sterling, Mayor Chief of Staff White stated the Mayor was more comfortable with Councilmember Brand's motion and would work with Council to identify needed resources. Councilmember Borgeas spoke to Motion #3 and an email received from the city manager's office and noted in order to bring the service level to 75% \$309,400 would be needed. Councilmember Brand clarified he amended Motion #3 with Motion #6 and the amount now stood at \$300K.

A motion of Councilmember Perea, seconded by Councilmember Dages, to approve Motion #2 failed, by the following vote:

Ayes : Dages, Perea, Xiong
Noes : Borgeas, Brand, Westerlund, Sterling
Absent : None

MOTION #3 - BRING FIRE TRUCK 9 UP TO A 65%-75% SERVICE LEVEL - FRESNO FIREFIGHTERS ASSOCIATION TO FIND \$250K WITH THE CITY TO MATCH THAT AMOUNT FOR TOTAL FUNDING OF \$500K (WITHDRAWN)

Motion withdrawn by Councilmember Brand who stated he wanted a vote on Motion #6.

MOTION #4 - REALLOCATE \$40K FOR THE EMPLOYEE SURVEY TO THE FIRE DEPARTMENT TO HELP FUND TRUCK 9 (RETRACT MOTION #1)

Councilmember Dages stated in this difficult economic time he felt the employee survey was not necessary and requested Council's support to redirect the funds. Upon question of Acting President Westerlund, Mr. Souza confirmed these funds, if approved, would be included as part of Motion #6.

On motion of Councilmember Dages, seconded by Councilmember Brand, duly carried, RESOLVED, Motion #4 hereby approved, by the following vote:

Ayes : Borgeas, Brand, Dages, Perea, Westerlund, Xiong, Sterling
Noes : None
Absent : None

MOTION #5 - MOVE \$140,400 FROM THE D&CR FILM COMMISSIONER OFFICE TO THE FIRE DEPARTMENT

Councilmember Borgeas noted there had been much debate and stated he was sorry some people chose to personalize this matter (**4 - 0**), requested Council's support stating there was a possible duplication of services and explained, spoke to the need to fund core services and stated this was about keeping priorities in check, spoke to the memo received from D&CR and stated his question and request to staff to quantify how much revenue was derived specifically from the film commissioner was not answered, and spoke to the need to take this money and put it towards keeping Truck 9 operational.

Councilmember Dages spoke in support of the retaining the office stating it was extremely important to the city and brought in money from outside sources, stated the estimate of \$1.5 million coming into the city in eleven months was very important especially in this current economy, and spoke to the need to keep this office as a revenue source and urged Council to oppose the motion. Councilmember Brand stated he felt plans for projects stating they will generate X amount of jobs/X amount of property tax, etc., were exaggerated for the most part, stated there was an assumption that without a film commission business would be lost but he felt there were agencies out there that could pick up the slack, stated given the choice of fire truck 9 or the film commission he would choose the fire truck, and spoke to the duplication issue, to the need to start forcing the issue consolidation even with something as small as the film commission or as huge as public safety, and to the need to fund core services first. Councilmember Xiong stated he concurred with Councilmember Dages, stated consolidation was easy to talk about but hard to accomplish, and spoke to the great job the office has done for the city and the community and added there was a level of truth in the numbers.

Councilmember Perea concurred with Councilmember Xiong, stated the comment made that this was a choice between the fire department or the film commissioner was disingenuous as Council had the chance to fully fund Truck 9 two motions ago, and questioned, if this motion were to fail, if the film commissioner would spend the bulk of his time doing the job/generating jobs/cutting out the bureaucratic red tape and not planning parties and festivals, with Film Commissioner Arthur responding affirmatively. Acting President Westerlund stated although he did not consider the office to be a core city service he felt he could support this as the city had invested in the office and it was now time to see a return, noted productions had increased since 2007, and stated new dollars were coming into the community and he wanted to see this investment continue to exist at least through FY 2010. Mayor Chief of Staff White and Mr. Souza responded to questions and/or comments of President Sterling and Councilmembers Borgeas, Perea and Brand relative to what the Mayor's position was on the motion, if the Mayor was committed to finding funds for Truck 9 if this motion were to fail, the memo on revenues and if the film commission paid for itself, if the office provided additional benefits to the community, if Truck 9 would not be compromised, the reconsideration process and if funding sources could be discussed, film-makers finding Fresno hospitable with or without a film commission, the perception that all funds were accounted for/how other funding sources will be found, all operating on budget assumptions/the budget built on precarious assumptions, and motion coming down to priorities.

A motion of Councilmember Borgeas, seconded by Councilmember Brand, to approve Motion #5 failed, by the following vote:

*Ayes : Borgeas
 Noes : Brand, Dages, Perea, Westerlund, Xiong, Sterling
 Absent : None

* Note - the vote was retaken after the lunch break wherein Councilmember Brand voted "Aye".

LUNCH RECESS - 12:03 P.M. - 2:04 P.M.

*** MOTION #5 - REQUEST FOR RECONSIDERATION OF VOTE**

On behalf of Councilmember Brand Acting President Westerlund requested Council re-vote on Motion #5 as the wrong button was pushed.

On motion of Acting President Westerlund, seconded by President Sterling, duly carried, RESOLVED, reconsideration of the vote on Motion #5 hereby approved, by the following vote:

Ayes : Borgeas, Brand, Dages, Perea, Westerlund, Xiong, Sterling
 Noes : None
 Absent : None

MOTION #5 - MOVE \$140,400 FROM THE D&CR FILM COMMISSIONER OFFICE TO THE FIRE DEPARTMENT

A motion of Councilmember Borgeas, seconded by Councilmember Brand, to approve Motion #5 failed, due to the following vote:

Ayes : Borgeas, Brand
 Noes : Dages, Perea, Westerlund, Xiong, Sterling
 Absent : None

MOTION #6 - MOVE \$119,500 FROM P&D GENERAL FUND TO THE FIRE DEPARTMENT. WITH THE ADDITIONS OF MOTIONS #4 AND #5 THERE WILL NOW BE \$300K IDENTIFIED TO FUND TRUCK 9. NO MENTION OF EXPECTATION OF FIREFIGHTER'S MATCH LEVEL, AS AMENDED (see below)

Councilmember Brand stated since the film commission motion (#5) failed he was amending this motion to reallocate \$150K from the CDBG Lowell Housing Rehab project to the fire department which he noted would total \$309,600, and further amended the motion to request the firefighters to match funds in the amount of \$300K, which would then bring the final total to \$609,600, and

stated this would allow Station 9 to operate 100% through March 2010. Upon question of Councilmember Perea, Councilmember Brand stated the match from the firefighters would come from contract negotiations, whereupon Councilmember Perea stated his concern was

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the motion could be construed as bad faith negotiations and explained, and stated he felt Council was almost holding fire hostage by sending a message that they would not get their truck unless they start making some concessions and added he would oppose the motion. City Attorney Sanchez recommended, in order to stay clear of the negotiations and the bad faith argument, that the motion reflect that the firefighters will propose alternative sources for a match not limited to contract negotiations. Councilmember Brand stated he spoke with the association and they indicated they wanted to find ways to match funds through different avenues, stated he would amend the motion and accept recommendation, and stated the end result was \$300K would still be needed.

Acting President Westerlund and City Manager Souza expressed their support for the motion amendment adding the association talked about their concern on Truck 9, they were willing to help out, and they agreed in public to a commitment to keep Truck 9 open. Mr. Souza, Mr. Sanchez and Councilmember Brand responded to questions and comments of Councilmember Xiong relative to station staffing levels and costs, concessions committed to, how this would affect the Lowell neighborhood, if the term "alternative sources" was sufficient, concern with a perceived expectation, and issues being clear on Truck 9 and city funding and why the firefighter match had to be included in the motion (**5 - 0**). Mr. Souza clarified the language was not binding and Council was establishing a level of funding, with Councilmember Xiong stating that was understood but he did not see what would be accomplished by including firefighter participation in the motion, asked who else would be contributing money, and reiterated the perception was an expectation which could clearly be accomplished without stating it and he was uncomfortable with the wording. Councilmember Brand added Council was not demanding but was asking for assistance in the spirit of compromise. Mayor Chief of Staff White responded briefly to questions of President Sterling relative to support for the motion and if there was any other tentative funding plan for station 9 for the final three months.

On motion of Councilmember Brand, seconded by Councilmember Borgeas, duly carried, RESOLVED, Motion #6 hereby approved, as amended, reallocating \$150K from the CDBG Lowell Housing Rehab project to the fire department (bringing the total to \$309,600), and further amended that the Fresno Firefighters Association will propose alternative sources for a funding match of \$300K, not limited to contract negotiations (bringing the final total to \$609,600) to allow 100% staffing of fire station 9 through March 2010, by the following vote:

Ayes	:	Borgeas, Brand, Westerlund, Xiong, Sterling
Noes	:	Dages, Perea
Absent	:	None

MOTION #7 - ELIMINATE DOWNTOWN METERED PARKING AFTER 6 PM MONDAY THROUGH FRIDAY, AND FREE PARKING SATURDAY, SUNDAY AND HOLIDAYS (EXCLUDING PARKING GARAGES/STRUCTURES)

Councilmember Dages stated if you want to encourage people to come downtown they should not be given parking tickets, spoke to confusion people have with current regulations, to people being discouraged from coming downtown, and to the over \$1 billion that has been spent downtown to encourage people to come, and elaborated further on the issue and requested Council's support.

Councilmember Brand commented on the issue stating the problem was the city has to reconcile its fiscal reality, and along with Councilmember Borgeas and President Sterling presented questions and/or comments relative to the amount of revenue that would be lost by eliminating metered parking, the 10-year work plan, how Fresno's parking rates compare to other peer cities, Councilmember Dages being on the right track but it not being the appropriate time to do this, what the 10-year plan was working towards, if Councilmember Dages was working on a future policy, this not being the right time to make cuts especially with the deficit and "upside down" parking budget, if this would lead to a larger deficit, impact if the motion were to pass, and if changing the hour to 7pm would make an appreciable difference, with City Manager Souza and Public Works Director Weimiller responding throughout.

Councilmember Dages stated everyone talks about losing \$150K but the flip side to that was the city would *gain* by having more people come downtown, by people spending more, and by the collection of more revenue, sales tax and parking garage fees, and stated it amazed him how everything always seems to come out negative adding you have to think positive to become successful.

A motion of Councilmember Dages, seconded by President Sterling, to approve Motion #7 failed, by the following vote:

Ayes : Dages, Sterling
Noes : Borgeas, Brand, Perea, Westerlund, Xiong
Absent : None

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MOTION #8 - REINSTATE \$229,500 FOR THE SPCA

Councilmember Dages reiterated the SPCA was a public safety service especially because of dangerous dogs, stated they were already cut back a tremendous amount, they worked at a lower budget compared to other SPCAs in the valley, and their business was increasing, and urged Council to support the motion to make streets safe.

Councilmember Perea concurred, expressed concern that with a budget of over \$1 billion the city could not fully fund the SPCA, stated cutting funding was the wrong direction to go in animal control and safety, and spoke to the challenges and differences the inner city has from other parts of the city. Councilmember Brand stated there was no question the service was valuable but the issue was trying to balance the budget and added an upcoming motion was a good compromise. Acting President Westerlund stated he would not support the motion, noted all departments were asked to make concessions/find solutions, clarified he supported the SPCA as they did wonderful work, and spoke to the current economy, stated Councilmember Brand's motion was for a 6% cut but he would have supported 10%, and urged Council to oppose the motion. ACM Rudd responded to questions of President Sterling relative to whether finding the additional \$30K was hypothetical, what the Mayor's position was on the \$100K proposal, what it would take to fully fund the SPCA, and what the SPCA's contribution was.

A motion of Councilmember Dages, seconded by Councilmember Perea, to approve Motion #8 failed, by the following vote:

Ayes : Dages, Perea
Noes : Borgeas, Brand, Westerlund, Xiong, Sterling
Absent : None

MOTION #9 - AUTHORIZE APPROPRIATION NOT TO EXCEED \$15.5 MILLION TO UNITED SECURITY BANK TO TRANSFER CASH FOR THE MET MUSEUM RECOGNIZING LOAN PROCEEDS AS OFFSETTING REVENUE

Approved earlier in the meeting on a unanimous vote.

MOTION #10 - TRANSFER ALL DOG LICENSE FEE REVENUES TO THE SPCA THEREBY INCREASING APPROPRIATIONS BY \$75K

At the request of Councilmember Borgeas City Manager Souza clarified issues and responded to questions relative to the motion, specific fees for a specific purpose, appropriation process, the city subsidy/investment, and the earmarking of the funds. Upon question Councilmember Perea clarified he was requesting that the city's appropriation to the SPCA be increased by \$75K. Acting President Westerlund urged a "no" vote stating he did not feel it was wise to internally earmark dollars whether or not they were related to a specific issue and further explained. Upon question of President Sterling Mr. Souza explained issues relative to the SPCA's current budget and how this motion would affect it.

A motion of Councilmember Perea, seconded by Councilmember Dages, to approve Motion #10 failed, by the following vote:

Ayes : Dages, Perea, Sterling
Noes : Borgeas, Brand, Westerlund, Xiong
Absent : None

MOTION #11 - DE-FUND THE DOWNTOWN SPECIFIC PLAN AT \$900K AND REALLOCATE \$229K TO THE SPCA, \$500K TO FIRE TRUCK 9, AND \$171K FOR SENIOR PROGRAMS

Councilmember Dages stated he did not feel the time was right for the specific plan, there were plenty of plans already in place, there were other priority needs and core services that needed funding, and this would solve the SPCA and fire issues.

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Acting President Westerlund stated the downtown specific plan was more than a specific plan and he would probably support it, and pointed out the SPCA was not eligible for CDBG funds (confirmed by City Manager Souza) and stated he would not support the motion. Councilmember Borgeas stated the specific plan would lay the groundwork for something very powerful to happen

downtown **(6 - 0)**

and he would oppose the motion as one of the uses of the money was inappropriate and he supported the downtown specific plan. Councilmember Brand concurred, noted the last specific plan for the area was done in 1989, and spoke briefly to the specific plan and the need for it to be structured properly and not too far out into the future for it to be successful. Councilmember Perea expressed his support for the motion, stated he felt using CDBG money for a specific plan was an inappropriate use of those funds, and stated specific plans were not a bad idea but pointed out the Obama administration increased CDBG funds for cities as this money was meant to go to the poor and further explained. President Sterling spoke in opposition to the motion and in support of the specific plan elaborating on the poverty and needs of Lowell-Jefferson and areas north of downtown.

A motion of Councilmember Dages, seconded by Councilmember Perea, to approve Motion #11 failed, by the following vote:

Ayes : Dages, Perea
Noes : Borgeas, Brand, Westerlund, Xiong, Sterling
Absent : None

MOTION #12 - CITY ATTORNEY TO DRAFT A SPAY AND NEUTER ORDINANCE

Councilmember Brand stated this would help solve the pet explosion problem the SPCA is experiencing and added it was the right thing to do. City Attorney Sanchez stated this motion was, along with 14, 15 & 16, more in the nature of Council direction/policy and stated although they were budget related once voted upon they would not be part of the actual budget document itself. Upon question of Acting President Westerlund Mr. Sanchez stated if approved staff would bring implementing documents back to Council in the future.

On motion of Councilmember Brand, seconded by Councilmember Perea, duly carried, RESOLVED, Motion #12 hereby approved, by the following vote:

Ayes : Borgeas, Brand, Dages, Perea, Westerlund, Xiong, Sterling
Noes : None
Absent : None

MOTION #13 - MOVE \$100K IDENTIFIED IN THE PARCS BUDGET FOR THE UNITED WAY GRANT WRITING PROGRAM TO THE SPCA

Councilmember Brand stated this was the compromise for the SPCA to help restore part of the their budget, he hoped sources for the other \$30K would be identified, and commended the SPCA on the great job they do.

ACM Rudd responded to questions/comments of Acting President Westerlund and clarified issues relative to whether the

United Way grant writing program would no longer be funded, past funding level for the program, the United Way being aware of the \$50K allocated but unaware of this \$100K (inadvertently allocated to them), and benefit of the grant writer program. Councilmember Xiong clarified he seconded the motion for discussion purposes and stated his support here was tentative based upon upcoming motions.

On motion of Councilmember Brand, seconded by Councilmember Xiong, duly carried, RESOLVED, Motion #13 hereby approved, by the following vote:

Ayes : Borgeas, Brand, Dages, Perea, Westerlund, Xiong, Sterling
Noes : None
Absent : None

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MOTION #14 - THE BUDGET DIRECTOR TO PROVIDE A COMPREHENSIVE REPORT TO THE CITY COUNCIL ON A QUARTERLY BASIS WITH DETAILED INFORMATION REGARDING REVENUE COLLECTIONS, EXPENDITURES AND BUDGET TRENDS.

As noted in Motion #12, City Attorney Sanchez stated this was also direction in nature, and Councilmember Brand stated the motion spoke for itself.

On motion of Councilmember Brand, seconded by Councilmember Dages, duly carried, RESOLVED, Motion #14 hereby approved, by the following vote:

Ayes : Borgeas, Brand, Dages, Perea, Westerlund, Xiong, Sterling
Noes : None
Absent : None

MOTION #15 - IN THE BUDGET DIRECTOR'S REPORT TO THE CITY COUNCIL ON THE THIRD REGULARLY SCHEDULED COUNCIL MEETING IN OCTOBER, 2009, SALES TAX REVENUES FOR THE 3RD QUARTER OF 2009 WILL BE COMPARED TO THE 3RD QUARTER OF 2008 AND THE FIRST TWO QUARTERS OF 2009. IF TREND LINE ANALYSIS AND COMPARABLE SALES TAX REVENUE ANALYSIS REVEAL THAT WE ARE SERIOUSLY BEHIND OUR BUDGET PLAN (I.E. 5% OR MORE BELOW BUDGET FORECAST) THEN THE CITY COUNCIL SHALL FORM A BUDGET ANALYSIS SUB-COMMITTEE TO WORK DIRECTLY WITH THE MAYOR AND CITY MANAGER TO PREEMPTIVELY IDENTIFY PROBLEMS AND SOLUTIONS TO REMEDY POTENTIAL BUDGET SHORTFALLS. THE BUDGET ANALYSIS SUB-COMMITTEE SHALL REMAIN ACTIVE UNTIL THE ACTUAL REVENUE AND EXPENDITURE DATA FALLS IN LINE WITH THE BUDGET PLAN AS PRESENTED IN THE BUDGET DIRECTOR'S QUARTERLY REPORTS OR UNTIL THE END OF THE 3RD QUARTER OF FY 09/10, WITH AMENDMENT ADDED TO ALSO BE ON A PARALLEL TRACK TO TRIGGER THE BUDGET ANALYSIS SUB-COMMITTEE PENDING FINAL ACTIONS BY THE STATE ON THEIR BUDGET

Councilmember Brand stated the motion was self-explanatory and City Attorney Sanchez stated again this was direction in nature and was a fiscal safeguard that would be implemented upon approval. Councilmember Borgeas spoke briefly in support.

On motion of Councilmember Brand, seconded by Councilmember Borgeas, duly carried, RESOLVED, Motion #15 hereby approved, by the following vote:

Ayes : Borgeas, Brand, Dages, Perea, Westerlund, Xiong, Sterling
Noes : None
Absent : None

MOTION #16 - STREET CALMING PLAN TO BE A PRIORITY AS FUTURE FUNDING BECOMES AVAILABLE

Councilmember Xiong advised this motion was also made last year, there was no consistent plan that could be implemented, the cost to complete a plan would be approximately \$100K, and he hoped there would be funding opportunities in the future and he wanted this to stay a priority.

Councilmember Borgeas noted he seconded the motion for discussion purposes and presented questions relative to whether there was no legal significance to this, if this would provide opportunity for future discussions, and if Councilmember Xiong was trying to create a directive, with City Attorney Sanchez and Councilmember Xiong responding.

On motion of Councilmember Xiong, seconded by Councilmember Borgeas, duly carried, RESOLVED, Motion #16 hereby approved, by the following vote:

Ayes : Borgeas, Brand, Dages, Perea, Westerlund, Xiong, Sterling
Noes : None
Absent : None

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MOTION #17 - INCREASE CCLS EITC PROGRAM FUNDING BY \$25K FOR A TOTAL OF \$75K

Councilmember Xiong and CCLS Executive Director Chris Schneider spoke to and elaborated on the history of the program, funding, importance of the program, its proven success and effectiveness, and to the 32 to 1 return on the investment and urged support.

Acting President Westerlund stated there was already funding for this program, an education process was part of the program, the people that did this in the past should have been educated on the process, and he felt the amount should be lowered and not increased, and spoke to his upcoming motion and the need to increase funding for the 2010 census count campaign adding a “ten year chunk” should be a priority over a “one year chunk”. Councilmember Xiong stated there was no doubt the complete count should be supported but stated in talking with the Census there is a commitment of \$7,900 in terms of outreach, stated this was not just about education, and stressed in terms of the population being talked about there was a huge difference between education and having hands-on assistance and further elaborated. City Manager Souza, Acting President Westerlund and Mayor Chief of Staff White responded to questions of President Sterling relative to funding proposal, allocations, where funds would come from in Motion 20, the importance of CCLS funding for low income services, if any consideration has been given to de-fund the United Way at \$25K, and the census campaign proposal.

A motion of Councilmember Xiong, seconded by Councilmember Perea, to approve Motion #17 failed, by the following vote:

Ayes : Perea, Xiong
Noes : Borgeas, Brand, Dages, Westerlund, Sterling
Absent : None

MOTION #18 - APPROPRIATE \$50K FOR A 2010 CENSUS COUNT CAMPAIGN, AS AMENDED, TO PLACE FUNDS IN CONTINGENCY PENDING DEVELOPMENT OF A WORK PLAN BY THE COMPLETE COUNT COMMITTEE

Acting President Westerlund stated it was important to get the count right and reach out to everyone, especially the minority populations, to make sure everyone is counted, noted the count sets the city up for its CDBG allotment for the next ten years as well as numerous other funding sources on many levels, stated he appreciated Councilmember Xiong’s earlier comments and concurring there was money to go after stated he felt \$2,900 for each CBO was great but it was a small number in terms of reaching out to a population of 500,000, and urged Council’s support stating this was important for the city.

Acting President Westerlund, Mayor Chief of Staff White, Public Affairs Officer Reed and Councilmember Xiong

responded to comments and questions of Councilmembers Borgeas, Dages and Perea and/or clarified issues relative to the importance of the count, how the \$50K amount was derived at/what it is based upon, what an appropriate funding amount would be for effective outreach, if the Census had any operating guidelines, if there were any grant opportunities, de-funding the EITC sending the wrong message and there being funds available for CBOs (7 - 0), where these funds would come from if approved, if the federal government was already conducting a campaign, what the city would get for \$50K, what factored into this dollar amount, if a work plan was in place, concern with arbitrarily picking out a number with no plan in place, support for the concept, and need to think things through more before throwing out numbers. Councilmember Brand noted so far only Motions 6 & 13 involved appropriations and were balanced, stated conceptually he was in favor of the motion but at this time it was against everything he had ever done to have a balanced budget, and stated \$25K would have to be found to balance things out and without an identified source he could not support the motion.

City Manager Souza stated this was an important issue and concurred the city had one shot at something that would affect the city for a significant period of time, and recommended the motion be amended to place this into contingency and have the Complete Count Committee return with a specific work plan and recommendation on how the money will be used before it comes out of contingency. Acting President Westerlund accepted the recommendation and amended his motion, and upon his question Mr. Souza stated it would take four votes to release the money for the work plan. Acting President Westerlund stated he understood Councilmember Brand's concern and stated although the budget might be out of balance by \$25K Council has worked with that before and numbers could be worked out. Councilmember Brand stated he would support the motion with the amendment, and President Sterling thanked Mr. Souza for the recommendation and spoke to the importance of the issue.

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On motion of Acting President Westerlund, seconded by Councilmember Perea, duly carried, RESOLVED, Motion #18 hereby approved, as amended, to place funds in contingency pending development of a work plan by the Census Complete Count Committee, by the following vote:

Ayes : Borgeas, Brand, Perea, Westerlund, Sterling
Noes : Dages, Xiong
Absent : None

MOTION #19 - APPROPRIATE \$50K TO FUND THE CONTRACT COMPLIANCE OFFICER (CCO) IN THE CITY ATTORNEY'S OFFICE

Acting President Westerlund spoke to the history of the issue and the importance of a CCO to track/capture important issues, stated this fell under "an ounce of prevention beats a pound of cure (litigation)", and offered an amendment to the motion to take the \$50K out of P&D's \$1 million general fund supplement. City Manager Souza stated this was a service that would cross departments, one half would probably be enterprise funds, staff would work on and provide a rough allocation on Thursday on how this would allocate across departments, and recommended the motion stand as originally proposed.

City Attorney Sanchez and Mr. Souza responded to questions of Councilmember Borgeas relative to how sophisticated the operation was, if a city matrix would be created without funding a position, if there was any way to "beef up" personnel to accomplish the job, understanding that this could be addressed as a housekeeping matter without creating a position. Councilmember Perea stated he would oppose the motion noting fire truck 9 could not be fully funded yet another bureaucrat was being added, and stated if the motion passes he would want to see a matrix. Mr. Sanchez and Mr. Souza responded to questions of Councilmember Brand and Acting President Westerlund relative what was needed to have sufficient control/compliance so things will not fall through the crack, if \$50K was sufficient, importance of contract monitoring and need to do this right/fund sufficiently, this issue being beyond bureaucracy and there being a potential for millions of dollars in liability should things fall through the crack, if the appropriation could come from P&D, if the actual cost could be \$25K since enterprise funds are involved, and if the CCO would pay for itself. (8 - 0) Councilmember Brand responded to questions of President Sterling relative to his "Better Business Act" and President Sterling suggested the business act be built upon versus creating this position in these difficult economic times.

On motion of Acting President Westerlund, seconded by Councilmember Xiong, duly carried, RESOLVED, Motion #19 hereby approved, by the following vote:

Ayes : Borgeas, Brand, Westerlund, Xiong
Noes : Dages, Perea, Sterling
Absent : None

MOTION #20 - DE-FUND \$25K GENERAL FUND APPROPRIATION FOR THE CCLS EITC PROGRAM

Acting President Westerlund stated this was discussed already and the intent to was to direct some funds to the Census count campaign.

Councilmember Perea requested Council oppose the motion, stated Council would be de-funding one program for the poor and give to another program for the poor, added any investment to the inner city would be zeroed out, and stated one program did not have to suffer to do the other. Relative to comments made on balancing the budget Councilmember Xiong requested Council not force decisions and look at options/funding sources and work issues through. President Sterling requested Council oppose the motion.

A motion of Acting President Westerlund, seconded by Councilmember Brand, to approve Motion #20 failed, by the following vote:

Ayes : Brand, Westerlund
Noes : Borgeas, Dages, Perea, Xiong, Sterling
Absent : None

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Mr. Sanchez advised the implementing budget documents would be presented on Thursday, and upon question of Councilmember Borgeas, Mr. Souza stated at this point the budget was out of balance by \$100K with at least \$70K - \$75K in the general fund and \$25K in enterprise and other funds.

ADJOURNMENT

There being no further business to bring before the City Council, the hour of 4:41 p.m. having arrived and hearing no objection, President Sterling continued budget proceedings to June 25, 2009, at 2:00 p.m. and adjourned the meeting.

Approved on the 16th day of July, 2009.

_____/s/_____
Cynthia Sterling, Council President

ATTEST

_____/s/_____
Yolanda Salazar, Assistant City Clerk

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