



City of Fort Bragg

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Meeting Minutes Special City Council

*THE FORT BRAGG CITY COUNCIL MEETS CONCURRENTLY AS
THE FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT NO. 1
AND THE FORT BRAGG REDEVELOPMENT SUCCESSOR
AGENCY*

Wednesday, March 7, 2018

9:00 AM

Town Hall, 363 N Main Street

Special City Council 2017-18 Mid-Year Budget Workshop

CALL TO ORDER

Mayor Peters called the meeting to order at 9:00 AM.

ROLL CALL

Present: 5 - Mayor Lindy Peters, Vice Mayor Will Lee, Councilmember Michael Cimolino, Councilmember Bernie Norvell and Councilmember Dave Turner

1. PUBLIC COMMENTS

None.

2. CONDUCT OF BUSINESS - WORKSHOP

[18-071](#)

FY 2017/18 Mid-Year Budget Review - City Council Work Session

1. **INTRODUCTION & OVERVIEW** - Mayor Peters gave an introduction and overview of the day's workshop.
2. **PUBLIC COMMENTS** - None.
3. **BRIEF PROJECT PROGRESS REPORTS**
 - a. City Manager's Office - City Manager Miller outlined what staff wants from Council as far as direction on goals and budget development, including potential sources for additional revenue for the General Fund. She asked that the Mayor appoint an ad hoc committee on Monday, March 12 to explore revenue options.
 - b. Administrative Services - Administrative Services Director Schneider gave a summary of projects in the next six months for IT, Human Resources and City Clerk departments. He provided information on the City website upgrade, IT policy updates, and the PEG program. He asked that the Tech Committee meet again. Schneider noted the following: HR has done major recruitments, there will be an upcoming compensation study for administrative positions, retiree health plan transition, open enrollment is May 17, archival cleanup and organization is in progress, update of Admin Regulations will be conducted, November 2018 election activities, retention schedule update, emergency action plan and safety programs, orientation for City Manager, Bee City USA designation has been renewed, the Noyo Center property transfer is in progress.
 - c. Finance and Non-Departmental - Government Accountant II Whippy outlined accomplishments: Government Finance Officers Association award for budget presentation FY 17/18, 10-year maintenance plan for fleet and facilities, CAFR was brought in-house, audit for FY 16/17, no audit findings identified. There have been

operational changes with the addition of two new Finance employees, cross-training across departmental functions, billing due date change has received positive feedback, 941 business license renewal notices were sent out. Finance Director Damiani presented the non-departmental outline, trust fund through CalPERS to make prepayments against outstanding obligation toward retiree health. Amount will start to drop \$215K in 2018; valuation due every two years, with one now underway. Bartel Associates is conducting actuarial, expect report back early. He gave a report on Other Post-Employment Benefits (OPEB) payments and how the General Fund makes payments to the Trust Fund to make these OPEB payments.

- d. Police - Police Chief Lizarraga said the Police Department is actively recruiting for a police officer; deadline is March 16. He provided updates on personnel, canine Takoda, and the Body Worn Camera policy. Body Worn Cameras were worn at a protest last weekend as a tryout. The Policy Manual has been finalized by Lieutenant Gilchrist and the Chief will now review it. In response to a question about overtime, the Chief said it is a struggle but they try to keep it down; however, it depends on operations, plans for special events, etc. A brief discussion was held about funding for the canine program..
- e. Community Development - Community Development Director Jones updated the Council on the Coastal Trail which should be finished by the end of this week. She reported on the Mill Site Reuse Plan and the mill pond cleanup. Department of Toxic Substances Control has committed to coming out in April to give an update to Council. Dry Shed #4 demolition permit is coming to Council for an appeal hearing. Danco Affordable Senior Housing Project will bring 42 new housing projects affordable to seniors. Community Development Department brought in over \$4 million in grant funding this year. Projects included: Mural competition, Wayfinding, and Welcome sign. Jones summarized the organizational changes to the Community Development Department. Special Projects Manager Perkins reviewed planning permits and projects for: (1) Hare Creek Center, finished internal review of draft EIR, available for public comment shortly. (2) LCP amendment, making application to Coastal Commission for that project. (3) Public Works Projects. (4) Cannabis regulations on cultivation and retail. (5) Visit Fort Bragg promotions. Perkins said he is working on website content, public relations, social media contracts. The Mayor asked about the possibility of kinetic sculptures to enhance the experience of using the Coastal Trail. Community Development Director Jones said staff is looking at the possibility of murals to cover unsightly concrete structures. She asked the Council to send her their ideas, and she will put the matter on a future agenda.
- f. Public Works - Public Works Director Varga summarized current projects. He noted that staff worked with the City Attorney to update all construction contracts. He spoke about planning, building and encroachment permits, maintenance for the Coastal Trail, upgrades to the Wiggly Giggly playground, the Bee Park at the Guest House Museum, the Harbor Lite access trail, and new trash cans for downtown. Varga said the City has secured a cheaper propane supplier; installed new Electric Vehicle charging stations; switched to LED lights with PG&E; instituted a new Adopt-a-Street program; erected Wayfinding signs throughout town. He briefly spoke about Stormwater regulations, standards and compliance. Public Works Director Varga reported that the Traffic Committee processed 22 requests, worked with MCOG, hosted board meeting here, updated payment management plan. Facilities maintenance and repairs: fixed the heater at City Hall; getting doors put in the gym; hallway carpet replaced and bathrooms fixed; Town Hall south side doors and windows to be repaired. The City bought five vehicles this year: a generator for the wastewater plant, a Prius for City Hall, and three police vehicles. Nine surplus vehicles and equipment were sold. Varga outlined the status of all Capital projects.

- g. Water - Public Works Director Varga said the Waterfall Gulch Lake and Streambed Alteration Agreement (LSAA) has been conflated by the Department of Fish & Wildlife (DFW) with the Summers Lane Reservoir. Because of this, \$700,000 which should have been distributed to the City has been held up for over a year. He is checking with the legal team to see if one last meeting with DFW can be held to try to work something out. If that is unsuccessful, it will probably end up in arbitration. Assistant Public Works Director Smith gave a rain report. He said the Water Treatment plant is running great and maintenance workers are working hard to minimize any leaking in the system. A desalination feasibility study draft will be here in the next few days, with a report going to Council in early April. Water Resources Control Board fees were cut in half from \$12K to \$6K. The first trailer load of cover has been dropped into the Summers Lane Reservoir. Eighteen more loads will be delivered throughout the summer; all should be in place by next spring. Smith gave brief reports on the new 1.5 MG water tank and the four segments of raw water line that need rehab. A Request for Proposals (RFP) for that project will be released soon.

Public Comment was received from Jacob Patterson.

- h. Wastewater - Assistant Public Works Director Smith spoke about the environmental lab, saying more layers and challenges have been added. The City may make some changes to outsource some things that require a lot of time and maintenance. Wastewater is completing a lift station overhaul. Smith noted that 40 years of deferred maintenance makes for some difficult challenges. Wastewater Treatment Plant Upgrade Project is going well. An RFP for Construction Manager to oversee the project is due this week. Construction of the Project is currently out for bid; those bids are due April 16.
- i. CIP - Assistant Public Works Director Smith gave a report on Capital Improvement Projects.

Mayor Peters recessed the meeting at 10:16 AM. The meeting reconvened at 10:27 AM.

4. FY 2017/18 MID-YEAR PERFORMANCE REPORT

- a. FY 2017/18 Mid-Year Review - Finance Director Damiani gave the report on mid-year performance for the following funds.
- General Fund - FY 16/17 recap. Damiani itemized revenue status, General Fund expenditures, and summarized the Projected Fund Balance for FY 17/18.
 - Water Enterprise - Recapped FY 16/17. Detailed Water Enterprise expenses for the first half of FY 17/18, with projected net position.
 - Wastewater Enterprise - Recapped FY 16/17.
 - Second Quarter Treasurer's report - Recap.

5. REVIEW FY 2017/18 PROPOSED MID-YEAR BUDGET ADJUSTMENTS

Finance Director Damiani explained the three requested budget amendments for Admin Services, Water Enterprise and Wastewater Capital. Staff was thanked for not bringing forward a lot of budget amendments this year. General Consensus of Council was that all three budget amendments may be put forward on the next Consent Calendar for approval (as one item instead of three).

6. LONG TERM FINANCIAL PLANNING & FY 2018/19 BUDGET PLANNING ISSUES

Finance Director Damiani presented the report on Long Term Financial Planning. Discussion was held on continuing to budget conservatively and adopting a balanced budget. Mayor Peters read the financial goals and all Councilmembers agreed with them. Damiani spoke about the General Fund five-year forecast and meeting Council's Financial Goals. Discussion was held about ways to decrease General Fund expenditures by smartly increasing revenues and cutting costs. Damiani outlined six ways to increase General Fund revenues by fees, taxes and fines. It was suggested that the Public Works Committee look

into establishment of a Storm Drainage Enterprise Fund. Discussion of a commercial cannabis tax was referred to the Finance and Administration Committee for recommendations to the Council. The general consensus was to hold off on a parcel tax for fire protection services for now. Discussion was held regarding a quarter cent general sales tax, which would require voter approval. City Manager Miller explained how a ballot measure to increase the general sales tax would work. She recommended that the Council appoint an ad hoc committee to investigate this issue.

Mayor Peters appointed Councilmember Cimolino and Councilmember Turner to be on the quarter cent sales tax ad hoc committee. This will be confirmed on the agenda of the March 12, 2018 City Council meeting.

There was no interest at all in a utility users tax.

Mayor Peters recessed the meeting at 12:10 PM. The meeting reconvened at 12:32 PM.

Finance Director Damiani summarized the Cost Allocation Plan (CAP), noting that the third year of that plan will be FY18/19. He recommends using it for FY 18/19, but to also have a new CAP prepared in FY 18/19 to be used in FY 19/20. Council was in agreement and directed staff to proceed. Damiani spoke about Emergency Reserves and Fiscal Policies. Council concurred with recommendations in the Long Term Financial Planning Report. Council fully supports putting 50% of surplus into the set-aside fund for unfunded liabilities. Public Comment was received from Jacob Patterson.

Council directed staff to put this policy into the budget's fiscal policy section, and further direction will be given at the budget workshop.

7. WRAP-UP

City Manager Miller summarized the direction of the Council as follows:

- Three budget amendments may be brought forward to the next available Council meeting on the Consent Calendar.
- Council approves the seven financial goals.
- The Mayor appointed an ad hoc committee of Councilmembers Cimolino and Turner to investigate the possibility of a quarter cent revenue tax measure.
- Staff is directed to work with the City Attorney regarding the possibility of a storm drain fee.
- The issue of a cannabis use tax is referred to the Finance & Administration Committee for review and recommendations to Council.
- Parcel tax will not go forward right now.
- Utility user tax is a no.
- Council approves continuing with the current CAP in FY 18/19, but in that same year, staff will revise and update the cost allocation plan and come back to Council during the next budget cycle.
- Council approves an emergency reserve according to the estimates provided.
- Staff is directed to move forward with the CalPERS funding policy and present a mechanism for a trust at the next budget workshop.
- Staff will bring the matter of the \$20K left in the Coastal Trail budget back to Council for direction.
- Storm drain fees will be discussed at a future Public Works & Facilities Committee meeting.

ADJOURNMENT

Mayor Peters adjourned the meeting at 12:48 PM.

LINDY PETERS, MAYOR

June Lemos, CMC, City Clerk

IMAGED (_____)