

MINUTES OF THE ADJOURNED JOINT MEETING OF
THE MONTCLAIR CITY COUNCIL AND
REDEVELOPMENT AGENCY BOARD HELD ON
TUESDAY, FEBRUARY 17, 2004, AT 5:47 P.M. IN
THE CITY COUNCIL CHAMBERS, 5111 BENITO
STREET, MONTCLAIR, CALIFORNIA

I. CALL TO ORDER

Mayor/Chairman Eaton called the meeting to order at 5:47 p.m.

II. ROLL CALL

Present: Mayor/Chairman Eaton; Council Members/Directors Paulitz and Ruh; City Manager/Executive Director McDougal; Personnel Officer Hayes; Director of Redevelopment/Public Works Staats; Director of Community Development/Agency Planner Clark; City/Agency Engineer Hudson; City Clerk/Agency Secretary Jackson

Also Present: Assistant Finance Director Beltran

Absent: Mayor Pro Tem/Vice Chairman Dutrey; Council Member/Director Raft (arrived at 5:50 p.m.)

III. PUBLIC COMMENT - None

IV. MIDYEAR BUDGET REVIEW

A. Review of the City's and Redevelopment Agency's Fiscal Operations and Approval of Proposed Changes to the Fiscal Year 2003-04 Budgets

Assistant Finance Director Beltran reported the status of the City's and Redevelopment Agency's financial operations at midyear and discussed specific changes to the City's Estimated Revenue and Appropriations Budgets.

Council Member/Director Raft arrived at 5:50 p.m.

Assistant Finance Director Beltran highlighted General Fund revenue/expenditure trends and the fiscal impacts of potential budget changes, including the following:

\$89,000 increase to the Police Department for increased overtime costs associated with Records and Uniform Patrol.

\$55,000 increase to the Fire Department for increased overtime costs related to Mutual Aid responses.

\$17,900 increase to the Public Works Division for street, sign, park, and tree-maintenance programs for additional materials and increased contract service costs.

\$24,000 increase to the Community Development Department for annexation, plan checking, and field inspection services for the remainder of this fiscal year.

With regard to the Redevelopment program, Assistant Finance Director Beltran advised that the Executive Director is recommending an allocation of \$195,332 from the Project Area No. III Operating Fund for the Exterior Housing Improvement Program and \$306,807 from the Project Area No. III Tax Increment Fund for the required Redevelopment Agency shift to the Educational Revenue Augmentation Fund.

Assistant Finance Director Beltran presented suggestions for revisions to the Estimated Revenue Budget (increase by \$230,944) and the Appropriations Budget (increase spending authority by \$185,900 in the General Fund). Approval of both the Appropriations and Estimated Revenue Budgets would have a positive budgetary impact to the General Fund of \$45,044.

Council Member/Director Ruh suggested the decrease in Utility Users Tax might be attributed to new buildings being outfitted with state-of-the-art energy-conservation heating or air conditioning devices.

Assistant Finance Director Beltran added that conservation on the part of businesses during the energy crisis also contributed to the decrease in utility taxes.

Council Member/Director Paulitz received clarification that there are sufficient Redevelopment Agency funds available to pay the required revenue shift to ERAF, that all state budget takeaways to date are reflected in the 2003-04 revised budget, and that the state's original "Triple Flip" fiscal recovery plan called for diverting 50 percent of local sales tax revenues to the Fiscal Recovery Fund for five years, with the promise of a dollar-for-dollar backfill from the County ERAF.

Discussion centered on the seeming improbability of cities being backfilled dollar-for-dollar from the ERAF for their 50 percent sales tax diversion to the state because cities generate more sales tax than the property tax being shifted to the ERAF.

Referencing the "Statement of General Fund Expenditures

for Six Months – Table 3," Council Member/Director Ruh spoke positively of the moderate spending habits of the City Council for the first six months of the fiscal year.

Assistant Finance Director Beltran pointed out the \$400,000 unexpended carryover to the next fiscal year on the "General Fund Analysis – Table 1."

Council Member/Director Paulitz noted that not all departments spend at the same rate and that capital expenditures are typically made at the end of the year. He noted the Council would be traveling to Washington before the end of the fiscal year.

Council Member/Director Paulitz asked if there is a table detailing percentage of funds expended by department at six months.

Assistant Finance Director Beltran referred Council Member/Director Paulitz to Table 5, "General Fund Expenditure Summary Report," which provides expenditure detail for the current budget and six months actual.

City Manager/Executive Director McDougal received clarification that the \$68,000 unencumbered balance for the "Office Equipment/Furniture" line item, City Council, Table 5, is for video equipment enhancements to the City Council Chambers.

Referencing Table 4, "Recommended Changes to the FY 2003–04 Appropriations Budget, Council Member Ruh asked for clarification on the \$2500 discrepancy between the Fire Department's "Total Requests" and "Total Recommended" amounts.

Assistant Finance Director Beltran advised that \$2500 in personnel development training classes is not being recommended for approval.

Moved by Council Member/Director Paulitz and seconded by Council Member/Director Raft to receive and file the City/Agency Midyear Budget Review report and to approve the proposed changes suggested therein to the City of Montclair and Montclair Redevelopment Agency Fiscal Year 2003–04 annual budgets.

Motion carried as follows:

AYES: Ruh, Raft, Paulitz, Eaton

NOES: None

ABSTAIN: None

ABSENT: Dutrey

Mayor/Chairman Eaton thanked staff for "a job well done" and all departments for their fiscally conservative efforts, adding that the City would be doing well if not for the increasing state takeaways.

Council Member/Director Ruh stated it is interesting to note that despite its financial crisis, California continues to draw new

residents because it is such a desirable place to live. He indicated that pursuant to a recent news article, California would soon surpass the **United Kingdom** to become the fourth largest economy in the world.

Council Member/Director Raft also thanked staff for the "good job" on its conservative spending practices.

V. ADJOURNMENT

At 6:12 p.m., Mayor/Chairman Eaton adjourned the City Council and Redevelopment Agency Board of Directors.

Submitted for City Council/Redevelopment Agency Board approval,

Yvonne L. Smith
Transcribing Secretary