

**MINUTES OF THE ADJOURNED JOINT MEETING OF THE MONTCLAIR CITY COUNCIL, CITY COUNCIL ACTING AS THE SUCCESSOR TO THE REDEVELOPMENT AGENCY BOARD, AND MONTCLAIR HOUSING CORPORATION BOARD HELD ON WEDNESDAY, FEBRUARY 15 2012, AT 5:45 P.M. IN THE CITY COUNCIL CHAMBERS, 5111 BENITO STREET, MONTCLAIR, CALIFORNIA**

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**I. CALL TO ORDER**

Mayor/Chairman Eaton called the meeting to order at 5:45 p.m.

**II. ROLL CALL**

Present: Mayor/Chairman Eaton; Mayor Pro Tem/Vice Chairperson Raft; Council Members/Directors Paulitz and Ruh; City Manager/Executive Director Starr; Director of Redevelopment/Public Works Staats; Director of Community Development Lustro; City Engineer Hudson; Deputy City Clerk Smith

Also Present: Interim Finance Director Parker

Absent: Council Member/Director Dutrey (arrived 5:46 p.m.)

**III. PUBLIC COMMENT - None**

**IV. MIDYEAR BUDGET REVIEW**

**A. Review of the City's Fiscal Operations and Approval of Proposed Changes to the Fiscal Year 2011-12 Budget**

City Manager/Executive Director Starr stated that Interim Finance Director Parker would be reviewing the proposed changes to the budget. He noted Interim Finance Director Parker has an extensive background in the redevelopment field and is probably considered the preeminent authority on redevelopment in the state.

At 5:46 p.m., Council Member/Director Dutrey arrived at the meeting.

Interim Finance Director Parker reported the status of the City's financial operations at midyear and discussed specific changes to the City's Estimated Revenue and Appropriations budgets. He highlighted General Fund revenue/expenditure trends and the fiscal impacts of potential budget changes including the following:

\$5,133 to the Police Department from the General Fund for increased investigation and patrol costs.

Reallocation of \$70,000 of interdepartmental personnel-related savings to the Fire Department Emergency Services Overtime Account.

Allocation of \$7,000 from the General Fund to cover increased vehicle maintenance costs and reallocation of \$14,500 from personnel-related savings to cover increased fuel costs in the Public Works Department.

Allocation of \$74,000 from the General Fund and a transfer of \$46,000 from interdepartmental personnel-related savings to cover City Attorney legal services costs.

Interim Finance Director Parker presented suggestions for revisions to the Estimated Revenue budget (increase by \$94,912) and the Appropriations budget (increase spending authority by \$86,133 in the General Fund). He noted the Unreserved General Fund balance effective June 30, 2012, is projected to total \$3,431,772 and that approval of both the revised Appropriations and Estimated Revenue budgets would have a positive budgetary impact to the General Fund of \$4,280.

Council Member Paulitz asked for clarification on the **G. Patton** case listed in the request for City Attorney Department legal services/court costs on "Recommended Changes to the 2011-12 Appropriations Budget - Table 4."

City Manager Starr advised that **G. Patton** is an employee the City terminated about two years ago who continues to fight the termination, noting the dispute has gone through a number of manifestations throughout this process and continues to cost the City considerably in attorney's fees related to addressing this former employee's lawsuits.

Council Member Paulitz commented as follows:

1. He noted the City becomes involved in such disputes every few years—the *U.S. v. Montrose Chemical Corporation* case went on for years and cost millions of dollars—and that, unfortunately, "you cannot plan for those."
2. He stated that he thoroughly reviewed this item and that, overall, staff presented a very good analysis. Noting the proposed changes are "very minor compared to some years," he advised that the City would be in "fairly decent shape if it were not for the demise of the Redevelopment Agency."

Council Member Dutrey asked if the \$402,023 decrease in miscellaneous revenues caused by the loss of accrued interest on City loans to the Redevelopment Agency has been factored into the reorganization plan.

City Manager Starr answered, "For this particular expenditure, yes." He advised that staff is in the process of evaluating some reductions in force to address the totality of adverse impacts to the City from the loss of the Redevelopment Agency. He stated that with effective cost control, "the City will ultimately be OK."

Council Member Dutrey asked for clarification on the number of Fire Department apparatus that respond to emergencies.

City Manager Starr replied that the Fire Department's efforts to control overtime costs and the number of safety employees available on any given day will affect the number of response apparatus.

Council Member Dutrey further inquired as follows:

1. Did Fire Department overtime usage total \$240,385 effective December 31, 2011?

City Manager Starr answered, "Yes."

2. Is the recommended increase of \$120,000 in the City Attorney Department for existing or future legal costs?

City Manager Starr answered, "It is for both. We have already expended above the authorized allocation for the current fiscal year, so this would close that gap; the amount also projects additional costs for the balance of the year."

Council Member Ruh noted most of his questions have already been answered. He expressed his concern that the public does not fully understand the impact of the loss of redevelopment agencies on city governments because recent newspaper articles have failed to highlight the primary issue, which is how the loss of redevelopment financing will affect the employees and residents. He asserted that these issues are going to impact everyone in this community. He stated, "This is a very good budget considering what we had to work with. It is not perfect, but we have no choice." He reiterated that he would be taking the high road to harness negative energy into "creative energy to come up with something that will serve to bring revenue back into the City, and that is what I am going to focus on doing." He stated that he is conducting his own research on what other cities and businesses across the country are doing and expressed his hope that residents and employees will bring their ideas forward because "any idea is better than no idea."

Council Member Dutrey noted the proposed midyear budget is certainly a lot more positive than those two to three years ago when revenues dramatically declined and the City was facing similar cuts to services. He stated that he is relatively pleased to see that sales tax revenue has overall increased by 3 percent as a result of economic recovery over the worst documented economic period in Montclair's history and expressed his hope that the trend continues.

Moved by Council Member/Director Dutrey, seconded by Council Member/Director Paulitz and carried unanimously to receive and file the City's midyear budget review report and to approve the changes suggested therein to the City of Montclair Fiscal Year 2011-12 Budget.

City Manager Starr reminded the Council and staff of a workshop on March 5, 2012, at 5:45 p.m. on City parks.

## V. ADJOURNMENT

At 6:02 p.m., Mayor/Chairman Eaton adjourned the City Council, the City Council acting as successor to the Redevelopment Agency Board of Directors, and the Montclair Housing Corporation Board of Directors.

Submitted for City Council/City Council acting as successor to the Redevelopment Agency Board/Montclair Housing Corporation Board approval,

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Yvonne L. Smith  
Deputy City Clerk