

DRAFT MINUTES  
SALINAS CITY COUNCIL FINANCE COMMITTEE  
Monday, February 6, 2017  
3:00 P.M.

COMMITTEE MEMBERS PRESENT: Mayor Joe Gunter, Councilmember Tony Barrera, and Councilmember Scott Davis.

STAFF PRESENT: City Manager Ray Corpuz Jr., City Attorney Chris Callihan, Revenue Officer Teresa Kistler, Public Works Director Gary Petersen, Finance Director Matt Pressey, and Senior Accountant Abe Pedroza.

Mayor Gunter called the meeting to order at 3:00 p.m.

1. PUBLIC COMMENT

A member of the public, Al Espindola, suggested the committee members consider electing Councilmember Gloria De La Rosa as Mayor Pro-Tem.

2. MINUTES

The minutes of the January 23, 2017 meeting were unanimously approved by motion of Committee Member Barrera, second by Committee Member Gunter.

3. DISCUSSION ITEMS

A. Arts Ordinance

The proposed arts ordinance will require developers of projects to dedicate 0.5% of the project's overall construction budget to publically accessible visual art. The ordinance could potentially have a substantial impact on the City's annual budget as high cost capital projects would require significant financial contribution. At the Finance Committee meeting on January 23, 2017, as an alternative to 0.5%, Councilmember Barrera suggested staff provide Council with a fair number that could be sustained by the City. In response, Finance Director Matt Pressey and City Manager Ray Corpuz Jr. proposed an initial annual allotment of \$30K, which could accumulate and/or increase in the coming years. Staff recommends this begin as a pilot program, and be re-evaluated over the next 6-12 months. While Councilmembers Barrera and Davis suggested the \$30K amount was too low, Mayor Gunter stated that a greater financial commitment for arts would result in a cut to another City program. Councilmember Barrera advocated that a formal set of guidelines be established to govern the ordinance before proceeding. The ordinance will be brought to Council on February 7, 2017, with the intention of gaining input on regulations and establishing an annual amount.

B. Measure X

Public Works Director Gary Petersen distributed a memorandum entitled "Measure X Expenditure Plan." The November 2016 passage of Measure X will generate approximately \$600M in tax revenues over the next 30 years, to be used for transportation and mobility projects throughout Monterey County, with an estimated \$90M allocated to the City. The document detailed the City's proposed expenditure plan, both short-term and over the next five years, as mandated by the Transportation Agency of Monterey County (TAMC). Staff plans on expending \$6M over the next two years to fund immediate needs of the City, including sidewalk and road repair. The five-year plan is to bond Measure X revenues at \$45M to fund additional projects throughout the City, leaving the remaining \$45M to ensure the projects are completed and maintained. Adherence to the "Maintenance of Effort" requirement obligates the City meet the same level of investment in transportation projects that had occurred prior to the passage of Measure X. The expenditure plan is fluid, and subject to change based on City needs and other external factors.

C. Mid-Year Update

Finance Director Matt Pressey circulated a packet summarizing the Mid-Year budget review scheduled to go before Council on February 21. A forecast of the General Fund structural deficit was illustrated, with the Public Employees Retirement System (PERS) discount rate serving as a major factor in the FY 2018-19 fiscal year and forward. Although staff has comprised a sustainability plan, including revenue generating ideas and expenditure reduction plans, a projected deficit remains. While sufficient reserves have been accumulated, it is imperative the City plan ahead to ensure continued fiscal solvency. Measure V and Measure G mid-year budget adjustments followed, with proposed funding for Library, Fire, and homelessness projects. Mr. Pressey indicated the respective oversight committees would be notified, giving members the opportunity to offer input. Lastly, a summary of all mid-year budget adjustments was provided, summarizing the request by fund and department.

D. Committee Member Reports

None.

4. NEXT MEETING

Next meeting is scheduled for Monday March 6, 2017.

5. ADJOURNMENT

The meeting adjourned at 3:55 p.m.

SUBMITTED BY:



Abe Pedroza, Senior Accountant